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ABSTRACT

This issue of "Cooperation South" looks at recent experiences in protecting and advancing human welfare in the south as well as the north. It presents a shared learning exercise about an array of social policy options; which decision makers in the south can consider in their efforts to shape a caring society, alleviate poverty, promote human development and generate solid economic growth. The "Social Policy: Safety Net or Springboard?" section contains five articles: (1) "Latin America" (Enrique Vasquez; Enrique Mendizabal); (2) "Arab Region" (Salim Nasr); (3) "Southern Africa" (Viviene Taylor); (4) "Northern Input for South-South Dialogue on Social Policy?" (Bob Deacon); and (5) "Eradicating Poverty by Building a Welfare Society: Finland as a Case Study" (Hilkka Pietila). The "Environment and Sustainable Development" section contains three articles: (1) "Earth Summit 2002: New 'Global Deal'" (Felix Dodds); (2) "Ecosystems of the Humid Tropics: South-South Cooperation on Agenda 21" (Miguel Clusener-Godt; Ignacy Sachs); and (3) "South-South Cooperation on Food Security: Rice in West Africa" (Kanayo F. Nwanze; P. Justin Kouka; Monty P. Jones). The "Perspective" section contains three articles: (1) "Global Intellectual Hegemony and the International Development Agenda" (Branislav Gosovic); (2) "Windows on the South: Current Trends, Perspectives, and Events"; and (3) "Sharing Ideas Access to ICT, Access to Education" (Joshua S. Jacobs). (BT)

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Social Policy:
Safety Net or Springboard?

Cosmas Gitta, Editor

United Nations Development Programme,
New York, NY.

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Cooperation South

SOCIAL POLICY: SAFETY NET OR SPRINGBOARD?

NUMBER TWO
2001

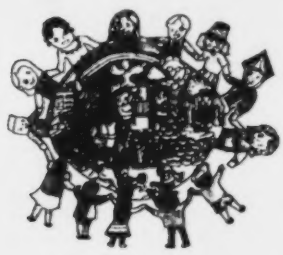
3

UNITED NATIONS DEVELOPMENT PROGRAMME
SPECIAL UNIT FOR TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES

THE CREATIVITY OF 4.7 BILLION PEOPLE

THE COVER DESIGNS USED ON ISSUES OF THIS JOURNAL PRESENT ARTIFACTS OR ARTWORKS THAT DEMONSTRATE THE CREATIVITY AND CONNECTIVITY OF PEOPLE ACROSS THE SOUTH.

A child's view of the world



Over a million children in 86 countries made paintings and drawings on the theme "My World in the Year 2000" as part of a global art program to illustrate what the new millennium means to 8 to 12 year olds. On the cover is art by Bhea S.Vacio, 11 years old, from the Philippines. It shows children of various nationalities fishing, planting seedlings, using a computer and doing other activities. Working together in optimism and even celebration, the children in this vision seem to enjoy adequate social protection, health, food security and learning opportunities, unworried about welfare "safety nets." The program was organized by the International Children's Art Foundation (ICAF) which promotes the artistic creativity of children worldwide. Together with many educators, ICAF believes that visual learning and participation in the visual arts are important for child development. A non-governmental organization based in Washington D.C., ICAF was founded in 1997 by Dr. Ashfaq Ishaq from Pakistan, who serves as its Executive Director. The cover art is reproduced with the permission of ICAF. See additional child art on its website: www.icaf.org.

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The centre of the emblem—where the Southern, Northern, Eastern and Western parts of the world join—symbolizes a further and ultimate objective of TCDC: the promotion of a truly global partnership for development.

COVER ILLUSTRATION — Bhea Vacio, age 11, The Philippines. www.icaf.org. PRINTED IN ICELAND BY ODDI PRINTING

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FROM THE ADMINISTRATOR

Transforming Global Markets into Caring Societies

For many developing countries, globalization brings increased social insecurity. With it comes stronger impact from external economic forces, significant restructuring of national economies and labour markets, accelerated socio-economic change and increased social risk. A number of middle-income countries have experienced erratic financial flows and market shocks, resulting in severe job losses thrusting millions back into absolute poverty. The already weak "safety nets" for the unemployed, poor workers in the informal sector, the elderly, the sick, and other vulnerable groups become more frayed. The state's ability to provide social protection decreases just when it is becoming more needed.

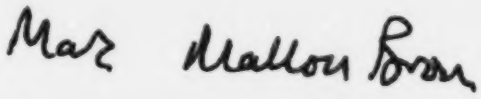
A traditional way of coping for those in crisis is to seek support from family sources and social networks. But these — where they still exist — are strained and insufficiently resourced for a larger burden. All too often, the poor resort to coping strategies that deplete productive assets or dangerously slow their accumulation, as happens when money saved for school fees is spent to buy food. Investment in the future suffers, including education and entrepreneurial ventures, perpetuating the cycle of poverty. In some instances, policies designed to ensure macroeconomic and fiscal stability contribute to widespread social exclusion. Setbacks in covering people's basic needs and in strengthening the social fabric, in addition to their human effects, are also obstacles in the path toward sustainable development.

What would it take to reverse the downward spiral and turn the situation around? The key first step is to move beyond current emphasis on a residual "safety net" approach. It is essential to address the underlying causes of insecurities, not just the

symptoms, and to attack chronic deprivation, not just temporary adversity. The focus should be on generating household assets and creating new opportunities. Among the methods of achieving this are programs of job creation and micro-credit to defeat income poverty, and health care services and training and education to provide new choices and tools, helping to equip people for jobs in the new global workplace.

The lesson to be learned from existing welfare systems is that the poor and other vulnerable groups need help not only to cope with market failures, but also to take on high-return activities with less concern about risks. To avoid past mistakes, developing countries must be innovative. Rather than handouts, they should seek to design social protection systems that serve as a springboard that spurs people to take control of their lives as integral members of the societies to which they belong.

This issue of *Cooperation South* looks at recent experiences in both protecting and advancing of human welfare in the South as well as the North. It represents a shared learning exercise about an array of social policy options, which decision makers in the South can consider in their efforts to shape a caring society, alleviate poverty, promote human development and generate solid economic growth.



Mark Malloch Brown, Administrator
United Nations Development Programme

Status AND Challenges of Social Protection Policies IN Latin America

by ENRIQUE VÁSQUEZ and ENRIQUE MENDIZABAL

People without social insurance in Latin American countries include large numbers of unemployed created during economic reforms of the 1990s, the growing work force in the informal sector, and other poor and vulnerable groups such as women and the elderly. This article assesses various types of social protection, insurance and pension programs which operate in the region, weighs their effects on the groups which face the greatest social risk, and seeks ways to provide "springboards," not just "safety nets."

The authors — both researching social policy and human development with the Universidad del Pacifico in Lima, Peru — are Enrique Vásquez, Professor of Economics, and Enrique Mendizabal, Economist.

SOCIAL RISK AND POVERTY

When people need help in preventing or dealing with social risk and economic vulnerability and cannot obtain that help from market mechanisms, government programs such as unemployment insurance, health insurance, income maintenance, or pensions attempt to fill the gap. Social insurance "necessarily involves redistribution from taxpayers in general to people at social risk in particular."[1] A new broader definition is that social protection is "human-capital-oriented public interventions to assist individuals, households, and communities better manage risk, and to provide support to the incapacitated poor"[2].

In Latin America, widespread social exclusion occurred as a result of the structural adjustment and market-economy policies introduced during the 1990s. Mostly designed by organizations like the World Bank and International Monetary Fund, the main concern of these policies

was macroeconomic and fiscal stability. To compensate for the social cost of these economic reforms, Latin American governments embarked on a wide range of state interventions to protect the most vulnerable. In the end, neither the economic nor the social policies worked out properly. Governments failed to provide social security systems that could eliminate the social risk and economic vulnerability which accompanied the shocks so common in the region.

The current state of social protection in most Latin American countries resembles that of European countries before the Second World War. But this does not mean that Latin America should take the same path as Europe did after the war. Instead, it should learn from its own painful experience and develop social protection policies suited to its needs and the problems of the most vulnerable in the region: poor workers in the informal sector, adolescents, children and the elderly.

Social expenditure in the Latin American region is less than 10 per cent of GDP, while in industrial countries it ranges from 16 per cent in the United States to 30 per cent or more in continental Europe. In fact, this comparison understates the gap, because most Latin American countries include education in their expenditure on social protection; industrial countries do not, since they already guarantee education access for the great majority of the school-age population as a human-capital investment.

Recent findings show that basic social services are far from universal for Latin Americans (Ganuza, León and Sauma, UNDP-UNICEF, 1999). Furthermore, public agencies in charge of implementing social policies have very limited effectiveness and efficiency. In some cases like Peru, the basic problem is not only limited resources, but also and most important, the quality of the social management (Vásquez, 2000).

In industrial countries, as many as five categories of risks are covered by social protection systems: old age, health, employment, income and family. The first two risks are covered by social security instruments which are more or less close "substitutes to market insurance", while unemployment, income and family risks are covered by pure social insurance.

Old age insurance and pension systems, which are compulsory in industrial countries, have become extremely complex. Debate centers on whether pension systems should remain pay-as-you-go, because proportionately smaller working populations in industrial countries make it increasingly difficult to cover the elderly whose population share is growing. In Latin America, on the other hand, debate has centered on whether pension systems should be privately or publicly funded, as well as whether they should remain pay-as-you-go or move to individual accounts.

Health insurance. Industrial countries have made considerable progress in the postwar period in establishing quasi-universal health insurance schemes. There is no consensus on whether they should be a

public or private responsibility, and it is generally accepted that their performance is not satisfactory. The United States remains the only industrial country without some kind of national health insurance system[3].

Rapidly increasing health care expenditures have led some countries to seek better control of the sometimes excessive prices charged by service providers and to assure patients' rights to service. This means a two-tier price structure, with higher tariffs for those able to pay, and reduced tariffs or free service for low-income families or individuals, but in no case is treatment denied. Health maintenance organizations (HMOs) have become a popular private model, not only in industrial countries like the United States, but also in Latin America. However, this is not a solution for countries with high levels of informal-sector employment, which has no provision for an HMO health insurance plan. The private option should focus on helping to increase coverage for those currently uncovered and not just compete for those already covered.

Unemployment insurance systems, as experience shows, are incomplete unless they are associated with low-income social insurance to reduce the risk of individual or family income falling below an unacceptable level. Otherwise, some proportion of individuals with no job or no access to the formal labor sector could not claim any unemployment benefits. With the rise of unemployment in Latin American countries during the 1990s, this happened frequently. In particular, young workers without prior experience found it almost impossible to get a decent wage and adequate job. Hence, "in some instances, minimum income guarantee schemes have to be set up precisely to respond to this kind of situation". This form of safety net — unemployment and low-income insurance working together — has proven very effective.

Income maintenance programs, on the other hand, have generated a different kind of debate. Ensuring a strict minimum income level might, in some circumstances, "significantly reduce labor incentives" and result in a 'poverty trap'[4]. If the benefits are relatively higher than a formal wage, labor becomes more expensive and individuals may prefer to remain unemployed — or be employed at wages below the legal minimum, thus benefiting from the program. This negative byproduct of a well-intentioned program has become an economic burden for States, which have enacted various reforms to avoid it. Some of these include earned-income tax credits in the United States and United Kingdom, where individuals who work a minimum number of hours and remain below some gross income limit receive a negative income tax as an incentive. This increases the participation rate of the target population without increasing the income risk. An efficient tax and revenue system is required to ensure its sustainability and transparency.

Social protection systems affect both

the supply and demand sides of the labor market, since "social protection contributes to an increase in the cost of labor and therefore to a fall in employment." This is especially relevant in countries with a minimum wage policy where the contribution necessarily comes from the employer, while in countries with no minimum-wage policy the contribution comes from employees, thus reducing their net salaries. Since 1990, the European Commission's recommended policy has been that social security contributions from low wages should be reduced "so as to increase the demand for unskilled workers" and thus reduce unemployment among those at higher social risk — poor, unskilled individuals.

Reasons for economic insecurity in Latin America

Economic insecurity creates social risk and the need for social protection. It is important to understand the origin and causes of economic insecurity in Latin America in order to assess different ways of managing it. Three of its causes are the trauma of the 1980s, high macroeconomic volatility, and inadequate response by social and political institutions[5].

The 1980s debt crisis created a deep depression in Latin America, leaving the region with high unemployment rates, weak social insurance institutions and weak publicly provided safety nets. Real income declined around 20 per cent in countries like Argentina, Chile, Mexico and Venezuela, while in Brazil it dropped only 10 per cent. On the other hand, Peru's decline was about 35 per cent, comparable to the United States in the great depression of the 1930s. Comparing the 1930s great depression and the 1980s debt crisis helps to explain the rise of economic insecurity in Latin America. Both events produced a negative perception of free market instruments for social security among the most vulnerable individuals. For the U.S. in the 1930s, the next logical step was the creation of the "welfare State" with strong public social insurance institutions. Latin America in the 1980s, however, lost confidence not only in its private sector as a prime suspect in causing the debt crisis, but also and mainly in an out-of-control public sector.

The response at the time was a leap into the free market. Most countries in the region had externally imposed trade restrictions, public enterprises, fiscal deficits and microeconomic mismanagement. Instead, governments thereafter adopted policies aimed at free trade and financial liberalization, privatization of publicly run companies, and deregulation — for which most of the weakly industrialized economies of the region were not prepared. The result: the complete annihilation of the Peruvian middle class, high devaluation risks in Ecuador, Brazil and Argentina, high unemployment rates in Brazil, financial and economic crisis in Mexico, Brazil and Peru, and macroeconomic volatility in the region.

Entering the 1990s, Latin America found itself in, and unprepared for, a high-

ly volatile environment driven mainly by erratic capital flows. Newly opened economies left the region's macroeconomic policy and growth potential dependent on the "fancies of short-term foreign investors". Most governments shifted efforts towards attracting foreign capital to fill the void left by capital sources which had fled. Eventually, their macroeconomic policy divorced itself from the real economy, social expenditure suffered the most in relative terms, social risk and vulnerability increased, and so did economic insecurity.

Weak social and political institutions were responsible for, and further weakened by economic insecurity in the region. The late 1980s and early 1990s served as killing fields for democratic institutions, labor unions and political parties. Trade unions were unable to develop strategies for dealing with job insecurity, both caused by and contributing to their loss of members and political power. Ironically, the very institutions which should have responded to the basic social needs of the population, but could not respond, found their constituencies so weakened that there was almost no protest from the people most affected.

Furthermore, the "Washington consensus view of development policy, sharply constrained by the 'requirements' of global economic integration, has prevented the emergence of an alternative (or at least complementary) vision of economic reform driven by local concerns and national aspirations". These policy 'guidelines', 'recommended' by international economic and financial agents, drove most countries to a stalemate in economic growth, which they now have to face, along with rising unemployment rates, few international reserves, high exchange rate volatility, and an unavoidable dependence on foreign capital.

Dealing with social risks

How do governments and individuals respond to the rise of economic insecurity and social risks? More important, when should governments respond, and when should they leave individuals and the private sector to deal with risks? How do individuals or families behave when confronted with risk?

Three approaches to social insurance by individuals have been identified by Gill and Ilahi (2000): market insurance (i.e. unemployment insurance), self-insurance (i.e. precautionary savings) and self-protection (i.e. investment in human capital)[6]. Arguably, precaution is preferred and therefore social insurance, provided by the public sector, should concentrate on mechanisms for self-protection. For example, when market insurance does not exist for certain risks or does not cover the poor and extreme poor, the government should step in to provide it. Unemployment insurance, for instance, is offered by governments as a substitute for market insurance, which does not guarantee individuals a stable wage. The United States uses employer experience ratings and/or indi-

vidual unemployment history to fix unemployment insurance premiums.

Self-insurance, on the other hand, implies that the individual seeks instruments or assets that will maintain or increase their value in the event of a negative shock. However, individuals may not have the necessary information to make the right decision or lack access to good instruments, such as diversified financial assets. As a result, they may self-insure using bad instruments, such as land, which can lose value after a negative financial shock. In this case, the government could step in to promote the development of stronger financial markets, for example, prudentially regulating the capital market — including banking deposits, deposit insurance, non-bank financial intermediaries — or fostering the market for long-term public bonds.

Finally, self-protection involves the use of some type of asset that will lower the probability of risk. Investment in human capital, i.e. education, reduces the probability of unemployment. Therefore, government policies to improve educational access and quality will be an important component of social protection and may help to substantially reduce the risk of future economic downturns[7]. However, this approach provides poor collateral since individuals cannot borrow against their knowledge or skills in case they lose jobs. Because no market exists for human capital, private agents are induced to seek a more easily collateralized form of capital. In Latin America, this form of social protection is usually the only possible one for the poor and the unemployed who have no access to government programs or fully-funded pension systems based on earmarked payroll taxes.

Education and health

Arguably, the most important human capital initiatives are education and health. For developing countries, improved educational access is important as a strategy for eradicating poverty across generations, especially in rural areas, which are short on proper educational services. When families cannot reduce their social risk through education for children, they seek to enhance their protection by breeding more children as a source of cheap labor for economic slumps and as a "household safety net" for the parents' old age.

Health care should be universally covered by social insurance. If resources are scarce, increased health coverage should be given priority, even over pension benefits, which in any case typically go in large share toward health care for the retired elderly. Fortunately, public health insurance is still the most important way of financing health services for the population; HMOs and private insurance are only accessible to those with the means and who have formal employment. Workers in the informal sector, for instance, would not have access to HMO coverage. In the Latin American region, public health insurance is typically provided by at least two health care systems: "One provided by

social insurance, which mainly covers the salaried labor force, pensioners and family dependants of both; and another by the Ministry of Health, which offers public health care to the non-insured poor and low-income population"[8]. Only Cuba has a universal standardized system, offered by the Ministry of Health.

Private health insurance is provided by either voluntary contributions (which are extremely low in the region) or earmarked payroll deductions. Hence, private insurance is only accessible to "formal workers" and wealthy individuals who can voluntarily contribute towards a health insurance plan. Few alternatives for reducing or dealing with health risks are available to workers who are not part of the formal workforce and to their families and dependants.

Some general policy recommendations are derived from this:

First, it is clear that the availability of all three forms of insurance instruments will improve individual and family welfare, thus reducing social risk and economic insecurity.

Second, demand for social insurance does not decrease with economic development and improvement of welfare, nor is the clamor for better social insurance "an indication of worsening economic circumstances". On the contrary, as societies develop, they require more and better public goods and services, including social insurance.

Third, financial market strengthening should be considered the central element of any social policy since it can augment the availability of the three forms of insurance. Hence, governments ought not to divorce their social protection policy from macroeconomic and microeconomic policies.

Fourth, governments should seek new and better alternatives for the most vulnerable people, whose sole social protection mechanisms are based on the family, the community and their own personal capital accumulation mechanisms.

Even when fiscal adjustments are crafted so that the poor experience minimum effects from cuts, there is no way to know the extent of such effects in advance. In Latin American countries it is usually nonsocial spending that is protected from cuts.[9] As a powerless minority, the poor have no political influence over the allocation of public spending and their share of the benefits. Evidence shows that public spending on social protection is procyclical: during recessions, when there are more poor people, less is spent on them[10]. Brown and Hunter (1999) found that Latin American democracies are more likely to protect social spending during a recession[11], while authoritarian regimes tend to reduce social spending during a crisis and expand it afterwards[12].

Fiscal adjustments in the region have not been in the best interests of the poor. This suggests that the safety nets supposedly provided by social spending did not live up to expectations. Specific public insurance programs, well-targeted social funds and poverty reljef efforts have

therefore taken the spotlight in social policy recommendations for social protection in the region. Among the different options put forward in the region should be mentioned social funds and targeted conditional transfer programs, and unemployment and health insurance.

Social funds

While social funds vary from country to country, some characteristics remain constant. Among the most important operational characteristics they share are that social funds:[13]

- promote, finance and implement small social projects, but do not participate in the maintenance or operation of such projects.
- help establish the formal parameters to support investments benefiting the poor.
- enjoy some kind of operational autonomy, even though they are part of the public sector.
- In a highly centralized government, however, such autonomy might be subordinated to the central government's own policy desires.

In 1987, the world's first social fund was created in Bolivia — *Fondo Social de Emergencia*. Since then, their number has increased considerably and, today, almost all countries in the Latin American region have one. All of them share certain objectives and trends from which various lessons may be obtained.

The main objectives of most social funds include improving the infrastructure for the provision of social services, such as sanitation, roads, bridges, schools and health centers. In the absence of an emergency — such as a natural disaster — unemployment is typically the prime objective of social funds in the initial stage. Other objectives include: community development, commonly reached by a "learning-by-doing" process where the social funds finance projects promoted, managed and implemented by the communities; improved delivery of basic social services, with emphasis on training service providers; and support for decentralization of social protection — as is the case for social funds in Chile, Honduras and Bolivia.

Among the most important general trends observed in social funds worldwide is that they are becoming more integrated into countries' overall social and economic efforts. In the absence of strong social and political institutions, as in most Latin American countries, this might become a force against the development of an efficient welfare state. As social funds pay more attention to popular participation, the individuals and families who benefit tend to ask for more social services — such as health and nutrition services, occupational education, etc. Peruvian experience in *FONCODES* has shown that popular participation has positive impact on the results of the projects implemented by the fund. Participation of beneficiaries helps correct mistakes in the design and focus of projects and make them more effective,

implying that the poor are better at deciding what is best for them.

Some other trends include increasing decentralization of social funds and demand for more income-generating subprojects. These trends arise not from the search for better management and operation of social funds, but from the wider political and economic environment which favors, for example, more popular participation and more emphasis on microfinance in many developing countries.

Some lessons about what works and does not work in social funds should be carefully considered when Latin American governments are formulating social policy. In general, they have done well in adjusting rapidly to changing circumstances, promoting community participation to enhance sustainability, and targeting poor communities — though more effort is needed with the poorest and marginalized groups. Compared to other public sector agencies, they have done well in achieving cost efficiency and accountability and in generating trust among communities toward the public sector — though in some countries corruption and public funds embezzlement is common.

Not all lessons have been positive. The most important deficiencies include poor performance in microcredit programs; poor beneficiary rates and gaps in coverage for the "poorest of the poor"; inability to integrate with collaborative programs in other public institutions, so as to improve efficiency; inconsistency with the social policy framework, which confuses beneficiaries and detracts from capacity building; inadequate impact indicators; and inability to provide assistance with mass impact, especially with regard to unemployment. For example, the Peruvian social fund, *FONCODES*, [14] has experienced mixed outcomes in education, and very high degrees of leakage (50 per cent) and gaps in coverage (68 per cent) in nutrition programmes[15].

Even so, social funds in Latin America have proven to be a cost-efficient way of relieving social risk and economic insecurity, with few exceptions. While their deficiencies can be easily corrected, some critics maintain that social funds do not accomplish what is expected, do not reach the poor, build infrastructure that is not staffed or maintained, do not produce long term impact, etc. While this is true for some countries in the region, their true potential should not be overlooked. If well administered, social funds could represent one of the main sources of social insurance for the poor and vulnerable. If well targeted, social funds could reduce social risk by building the capacity to manage risk.

Beyond social funds: a universal social protection system?

While social funds are indeed good safety nets, the poor and the unemployed need more than that: they need a "springboard" out of their risky and vulnerable situation. One such springboard in the long term, for instance, could be

high-quality education, which breaks the chain of poverty carried generation after generation. The uneducated poor represent one of the strongest problems that all social protection systems face in the region. Poor education levels may be the main cause of low income, lack of access to social protection services, and lack of political power to press for government intervention.[16]

Beyond the safety net myopia of social funds, expanded coverage is the big issue. A good social protection system would have the potential to bring in previously excluded groups, such as the unemployed, women, the elderly, people with disabilities and workers in the informal sector. Do social funds have the right tools to identify and incorporate those who remain uncovered? Evidence tends to suggest that a better alternative is needed.

Social security in industrial countries is universal, and employment and contribution to a fully funded system are not required for inclusion.[17] These pay-as-you-go (PAYG) systems obtain their funds from general revenue and do not need criteria to establish eligibility for benefits. However, in Latin America, universal programs have many political and practical difficulties.

First, they are fiscally unsustainable. Individuals have many incentives to avoid paying and get "a free ride" in the use of services.[18] Since universality means using general revenues to finance social protection with uniform benefits regardless of income, people who contribute more are likely to oppose such a redistributive system — hence the shift towards HMOs and private insurance. Even when fully funded systems are fiscally sustainable and include efficiency standards in their practice, they have the "side effect of creating a class of uninsured".

This happens when insurance companies, seeking high returns, try to reduce risk and avoid insuring the most vulnerable groups, especially the elderly, women in reproductive ages[19] and disabled individuals whose levels of dependency are extremely high[20]. This practice, known as "cream skimming"[21], implies that in the absence of universal public insurance only the rich would be protected. In Chile, a poorly regulated health insurance market and an inadequate public/private mix with the state acting as 'lender of last resort' ended in a dual model: private insurers covered the young and rich, while the state took care of the other 65 per cent of the population.[22]

Private market insurance is an option only for those who have the means to afford it and those who are given no choice by their employees. HMOs, for instance, cover the entire workforce of a given institution, giving employees no option but to accept the payroll deduction as a contribution that entitles them to health benefits provided by the insurance company. According to many physicians, this practice damages the quality of the health care service provided. It is also out of reach for those employed in the informal sector or self-

employed, whose only alternatives are public insurance, self-insurance and self-protection. In the Latin American context, this means that uncovered individuals and families will seek self-insurance and self-protection inside the traditional social protection system — their families and communities.[23]

Social protection must therefore be led by the public sector and complemented by private initiatives that help increase coverage, not only in social insurance (protecting against negative events), but also in wider social protection. The government must administer resources and programs that provide poor and vulnerable families with a minimum decent standard of living. One of the most innovative programs implemented in the region to satisfy these basic needs are the targeted conditional transfer (TCT) programs.

Targeted conditional transfer (TCT) programs

Basically, TCT programs in Latin America involve cash grants to poor families with young children on the condition that they keep their children in school and, in some cases, visit health centers[24]. They represent a shift in social policy away from subsidies (mainly food and fuel) to income transfer programs targeted to the poor that require certain conditions from the beneficiaries. TCT programs do not cover workers in the informal sector, seasonal and self-employed workers, though they could cover the unemployed if carefully designed to avoid creating incentives to remain unemployed. Representative programs in the region include Bolsa Escola in urban Brazil, PETI in rural Brazil, and Progresa in Mexico, the first being a decentralized institution, while the others are managed by the federal government.

These TCT programs have five main objectives. First, to achieve an increase in educational attainments and substantial health improvements for young school-age children, which would reduce future poverty. Second, to reduce short-term poverty by targeting grants to the poor. Third, to decrease child labor by requiring a minimum school attendance by children in beneficiary households as an explicit or implicit objective. Fourth, to provide income support to poor families acting as a safety net against adverse shocks that could throw them deeper into poverty. Finally, to achieve integral development of child education and health by providing supply-side financial support to schools and health centers.

These programs are badly needed in Latin America. They address educational, health and nutrition indicators which are particularly low for the poor in the region, especially for children, the most vulnerable group. They bring together supply and demand in a rational way so that, for example, the number of schoolrooms is increased in line with higher school attendance. Political acceptance, support and sustainability are high, though fiscal sustainability, on the other hand, is sadly not secure.

The effectiveness and success of TCT

programs can be measured by looking at three of their main objectives:

(1) Targeting the poor. At the design stage, the poorest regions of the country are selected in federally administered programs, and decentralized programmes target the municipalities where the conditions for their interest groups — the poor, rural child workers, etc. — are the worst. Actual selection of beneficiaries, however, differs substantially. In urban Brazil, Bolsa Escola rates various aspects of the beneficiaries' living standards, while PETI in rural Brazil looks for per capita income lower than half the minimum wage and for working children of school age (7-14). Progresa in Mexico requires beneficiaries to have total family income less than the cost of a standard food basket and uses a specific index to score the household's characteristics. Others like Honduras' PRAF-BID II simply include all families in the chosen poorest municipalities.

Successful outcomes of Bolsa Escola have been attributed in part to the rating system. Other less successful programs, mostly the decentralized ones, have been unable to serve as much as 43 per cent of their potential beneficiaries, mainly for financial reasons. Centralized programs like *Progresa*, on the other hand, show low gaps in coverage rates, 14-16 per cent, but high leakage rates[25], of about 35 to 38 per cent.

(2) Increasing human capital. The programs have had successful outcomes in both education and health/nutrition. Substantial positive effects in both fields were observed among the beneficiaries of the Progresa program in Mexico. Bolsa Escola had success in bolstering school attendance, but its program does not include the health component.

(3) Reducing child labor. These results were not as positive. Progresa reduced paid child labor by 25 per cent among children aged 12-13, but the results for children aged 14-15 were substantially negative; in fact, the incidence of paid child labor significantly increased.

From these experiences, it is possible to put forward some policy recommendations for TCT programs in Latin America.

First, involvement by municipalities helps achieve efficient operations. Programs should be decentralized, with a local share in funding as well as federal or central government financing.

Second, TCT programs should not be seen as substitutes for social funds, other social protection policies or education-related interventions.

Third, it is important to determine in advance a fair and clear grant amount that families will receive. The question is whether to award grants on a per child or per family basis. Grants on a per family basis means that families with more children may not satisfactorily increase their income and reduce their social risk. On the other hand, grants on a per child basis could be an incentive to have more children, which would increase both the total costs of household social services and the social risk.

Fourth, TCT programs could be

designed to work as safety nets to those living in poverty and high unemployment risk.

Finally, all programs should provide explicit financial support to guarantee a minimum service quality, thus augmenting the role of the "supply side."

However, the key question in the entire debate on social protection reform is: are TCT programs fiscally sustainable in the long run? To succeed, they need long-term commitments by public authorities; that would require political as well as fiscal stability, which are far from possible in the region. Seeking fiscal stability through loans or aid from the World Bank or International Monetary Fund means accepting economic, trade and fiscal policies that are beyond the scope of social policy. Funding is thus a crucial issue to resolve before it is safe to consider TCT programs as alternatives to a universal public insurance system.

Social risk management: an option?

The World Bank has introduced the concept of social risk management (SRM) into its definition of social protection. SRM involves using prevention strategies, mitigation strategies and coping strategies to "manage" risk and thus decrease economic insecurity[26]. Prevention and mitigation strategies are to be put into practice before a negative shock occurs. Prevention strategies include economic and macroeconomic policy, public health policy, and education and training strategies, among others. Mitigation strategies, on the other hand, seek to protect against variations in income — for example, by diversifying its sources, and by providing informal or formal insurance. Social funds play an important role in providing such insurance to the poor and vulnerable. Finally, coping strategies seek to reduce the impact of a shock once it has occurred. For example, an individual could relieve the situation by drawing on savings, unless a lifetime of poverty has prohibited an accumulation of assets that could offset a sudden loss of income.

By no means an alternative to social protection, SRM can help individuals manage risk and vulnerability by strategies that avoid the consequences of being uninsured or partially insured.

The instruments used for each strategy will vary among individuals and families. These can be informal/personal arrangements, such as marriage, mutual community support and real state assets; formal/market based arrangements, such as financial assets and insurance contracts; and formal/publicly mandated or provided arrangements, such as rules and regulations, protection of property rights, social insurance, transfers and public works. The following table summarizes the interaction between strategies and arrangements under the concept of SRM and the mechanisms available for individuals to deal with risk.

As shown in the table above, the absence of market-based and publicly provided social insurance has a negative social effect. Risk coping, which by far is

Table 1—STRATEGIES AND ARRANGEMENTS OF SOCIAL RISK MANAGEMENT

Arrangement strategies	Informal/ personal	Formal/ market-based	Formal/ publicly mandated
Risk Reduction			
	• Less risky production • Migration • Proper feeding and weaning practices		• Labor standards • Pre-and-in-service training • Labor market policies • Child labor reduction interventions • Disability policies • Good macroeconomic policies • AIDS and other disease prevention
Risk Mitigation			
Portfolio	• Multiple jobs • Investment in human, physical and real assets • Investment in social capital	• Investment in multiple financial assets • Microfinance	• Multi-pillar pension systems • Assets transfers • Protection of property rights (especially for women) • Extending financial markets to the poor
Insurance	• Marriage/family • Community arrangements • Share tenancy • Tied labor	• Old-age annuities • Disability, accident and other insurance	• Mandated/provided insurance for unemployment, old age, disability, survivorship, sickness, etc.
Risk Coping			
	• Selling of real assets • Borrowing from neighbors • Intra-community transfers/charity • Sending children to work • Dis-saving in human capital	• Selling of financial assets • Borrowing from banks	• Transfers/social assistance • Subsidies • Public works

Source: *Jorgensen, Steen Lau and Julie Van Domelen, Helping the Poor Manage Risk Better: The Role of Social Funds; p.6 in Lusting, Nora, "Shielding the Poor: Social Protection in the Developing World", Brookings Institution/Inter-American Development Bank, Washington, D.C., 2000.*

the most popular way of dealing with risk, induces households to send children to work, thus augmenting their vulnerability and economic insecurity. The implication is that filling this void should have high priority for the government.

The aim of the SRM approach is to change households and governments from the usual coping strategy they adopted in response to shocks, econom-

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ic insecurity and probable risk, towards a risk management strategy that prevents or at least mitigates against negative effects. Preventing problems is preferable to coping with them, and cheaper, but until now social funds have mainly contributed to coping. Turning those funds in the direction of SRM is similar to designing TCT programs which try to reduce the probability of future risk and to mitigate it in the mid term. Using the SRM approach, social funds should target according to vulnerability and not only poverty. The ones who suffer the most during economic crises and budget cuts are not only the poor, but also those above the poverty line who have no permanent income, are unskilled, have large young families and lack access to market-based insurance. Furthermore, there should be more community participation in projects to develop organizational capacity, conduct training, offer legal assistance, provide preventive health services, and generate income.

Another look at the table shows that several personal and market-based methods of risk coping leave individuals and families in worse situations than before. A family's vulnerability is increased if it sends its children to work, sells real or financial assets, or borrows money from banks or neighbors. Public instruments in this case only alleviate the problem in the short term, serving as a safety net when they should act as a springboard. Under consideration in Peru is a solution to this apparent flaw in the SRM scheme — creation of a social protection net, omnipresent and designed to satisfy individual needs and prevent, mitigate and cope with specific risks.

PENSION REFORM

Background

Old-age insurance or pensions seek to secure a minimum standard of living for the elderly after they leave their jobs. Three alternatives for dealing with old-age pensions are: (i) A universal social security system which obtains its funds from general revenue and covers everyone without any qualifying criteria; (ii) a contributory social security system — or fully funded system — which is funded by earmarked payroll taxes as required contributions towards pension benefits in the future; and (iii) resources of the family and the community, which remains the most traditional system in the region to deal with risk and social protection[27].

During the 1990s there was a shift from the first to the second alternative in Latin American countries. This change, initially promoted by Chile, called for the elimination of the publicly run pension system (PPS) to be replaced by a fully funded new private pension system (PrPS). However, most countries in the region did not drop the first alternative and created a multi-pillar system; the first being the public "universal"[28] security system, and the second the private contributory social security system. In many cases, an informal third pillar also

exists in the form of private investment in land, homes, tools or education.

However necessary was the reform, the shift towards a private system increased the number of "uninsured and partially insured individuals who have contributed little or nothing in their working years and may be left in poverty in old age". This newly created group does not exist in countries where "they have universal flat (uniform) or very broad means-tested old-age security benefits". It consists mainly of the following:

- Individuals who worked mainly inside the household (primarily women).
- Individuals with disabilities which have kept them from working in the formal sector[29].
- Individuals who worked mostly in the informal sector where contributions are not collected.
- Self-employed individuals. Farmers in particular are very likely to live in poverty or extreme poverty, and have little or no access to social insurance or pension systems.

Furthermore, the new system raises a new issue: the coverage problem which results when private pension providers seek to reduce risk and therefore avoid the most "difficult groups". These groups include, for instance, farmers, self-employed workers and disabled individuals, whose contribution is not mandatory and would require large pension benefits in old age. Instead of developing incentives to promote their participation, private providers engage in "cream skimming," the same practice as in health insurance (discussed above). This consists of leaving the high-risk poor portion of the elderly without insurance[30] and only covering those with higher incomes and lower vulnerability and poverty risks.

This raises the question of whether private insurance concepts contribute to the welfare of the most vulnerable and difficult groups[31]. Most of the Latin American population is unemployed, employed in the informal sector or self-employed, and not part of the "formal" workforce. Therefore, it is safe to say that moving away from a universal system only increases the number of the uninsured. Even if private pensions in all their variations did cover all formally employed workers, they would not provide for those in the informal sector, including women workers in the household and sporadic workers, since they are not contributory programs based on earmarked payroll taxes.

Pension reform in Latin America

"Young or old, Social Security affects everyone. and virtually everyone believes that it won't be there for future generations like it has been in the past"[32]. That belief in itself indicates there are reasons for pension reform. Chile's reform took place over a decade before other Latin American countries and set the standards for changes made in the PPS of Colombia, Mexico and Peru. These reforms, including Chile's, are still very recent, and real results have not yet been observed. It

is thus difficult to know how well the new private pension systems are covering the poor and most vulnerable people.

Broadly speaking, during the first half of the 1990s, the PPS in most Latin American countries found themselves on the verge of financial breakdown. In Peru, for instance, hyperinflation and price distortions sent the real value of the system's assets plunging, while simultaneously the overall obligations of the system expanded as a result of the popular policies adopted during the 1980s[33]. Following Chile's experience, new pension systems were put into practice with three main objectives: First, to establish a solid private pension system that would create individual accounts and provide workers a reasonable pension after retirement, directly proportional to their contributions. Second, to generate a considerable investment fund through which the new system would contribute to the development of the financial and capital markets, as well as increase domestic savings. Third, to eliminate inefficiency in the use of resources by the PPS, in which all retired workers receive the same pension regardless of their contributions.

Developing countries, unlike industrial countries, have a large young workforce that could easily finance retirement pensions for the elderly. However, this workforce is mostly unemployed or in the informal sector. Therefore, reform should aim at increasing the number of people contributing to the system by providing incentives such as individual accounts.

Lessons of reforms

Colombia. The Colombian pension reform of 1993 is unlike the reforms in other countries such as Chile or Peru. In Colombia, a system of competition was established between the existing pay-as-you-go (PAYG) system and a new fully funded system (FFS), similar to the privately run Chilean system.[34] Competition means that affiliates may choose between the FFS and the PAYG, based on their own assessment of expected future returns in either system. To maintain certain stability, affiliates must wait three years to switch between systems and six months within the FFS. In any case, the PAYG system ends up operating as a last-resort option for workers who would otherwise take the risk that a higher-than-average portfolio return implies.

The system of competition immediately increased the contribution rate and effectively reduced the benefits by delaying retirement age by two years. This reduced fiscal expenditure by about 1 per cent of GDP annually. However, the fiscal costs of the transition are still too high, in part because of additional concessions to public servants, delay in making new retirement conditions effective, and the costs of operating the PAYG system as insurance against a loss in the FFS, which induces high mobility between the systems.

Following the reform, pension contributions increased from 6.5 to 14.5 per cent of earnings. The PAYG system, which seems inefficient, and one of the

causes of the reform, was kept "basically for those who were risk averse and preferred to have defined benefits as an alternative to a defined contribution system[35]. Thus, the defined benefits system remained public and the defined contribution system, private, although switching is allowed between them."

An important aspect of the reform is that competition between the PAYG system and FFS added to the last-resort quality of PAYG and forced the FFS to ensure at least a minimum expected return, thus promoting efficiency and caution. Lower-than-expected returns would not only have considerably negative effects on the private pension administrators, but also on the affiliates and the economy as a whole.

The Colombian pension reform needs a series of "second-generation" reforms to address the fiscal burden mentioned before. First, concessions granted to special groups of public servants should be eliminated. Second, retirement two years later for both male and female workers should be made effective sooner than the 20-year period established. Third, the retirement age should be further increased by three years (60/65, female/male), in accordance with the rise in life expectancy. Finally, high payroll taxes need to be substituted by regular taxes to avoid damaging effects on employment and international competitiveness, since the current payroll deductions only create incentives for informal employment.

Mexico. The 1995 Mexican pension reform was prompted by demographic tendencies, PPS financial health, and evasion. Though Mexico, like most developing countries, has the demographic advantage of a large young workforce, the 1990s seemed the right time for reforms to avoid future problems — especially given rapidly decreasing child mortality and birth rates, and increasing life expectancy[36]. The strongest reason for reform, however, was the severe financial disequilibria in the public system, which predicted a deficit of around 141 per cent of GDP in current value (1994) for a horizon of 75 years. Finally, evasion was high mainly because of the lack of proportionality between contributions and benefits, tempting employees to declare lower salaries or cross over to the informal labor sector.

The Mexican pension reform was built around three pillars: A first public-run pillar with a redistribution objective; a second private-run pillar based upon mandatory contributions capitalized in individual accounts; and a third pillar of voluntary savings. The second pillar involves active management of individual accounts, pension funds and withdrawal mechanisms by private agents. This pillar creates a direct relation between contributions and pension benefits, thus eliminating the incentives for evading contributions. On the second pillar rests all the structure of the pension system.

The reformed Mexican system has unique interaction between public and

private agents, unlike the Colombian (competition) and Chilean (fully private) systems. It was designed to:

- Augment equity, efficiency and sustainability of the pension system.
- Build the foundations of a financially stable pension system.
- Limit the fiscal impact.
- Strengthen the development of the financial system, and reduce its volatility by increasing private financial intermediaries and instruments available.
- Increase domestic long-term savings and overall aggregate savings.

Peru. During the first half of the 1980s, the Peruvian PPS began to show clear signs of financial weakness. Rising unemployment rates reduced the number of contributors, while new retired workers claimed their pension benefits every day. This created a heavy burden on the system. It was not able or not interested to increase returns on pension fund investments. It was on the verge of financial breakdown by the start of the 1990s and was draining resources from other areas of the budget. Hyperinflation, low employment and high informal employment prompted its reform.[37] Whether the reform was the right one is not very clear.

As in Colombia and Mexico, the public system created too many incentives for evasion and was unable to produce a strong sustainable fund that would not be affected by demographic, economic and political changes. In 1993, Peru created a private system like Chile's in addition to the public system, with contributors owning individual accounts and receiving pension benefits proportional to their contributions and the return on pension fund investments. However, contributions in the Peruvian system are made entirely by the employee, while in Chile they are shared with the employer.

In 1995, Peru made a series of modifications and "second-generation" reforms in the private system in order to eliminate existing differences between the two systems. Among the most important changes were measures to promote the affiliation of independent workers, eliminate imperfections in taxation affecting the development of the private system, level the costs in both systems, guarantee a minimum pension benefit (similar to those in Colombia and Mexico), and promote voluntary savings in the private system. In 1996, more modifications were made to reduce inefficiency in the systems arising from the high incidence of evasion. The financial crisis and the "El Niño" in 1998 helped intensify the existing problems. Also, the constant changes in the legislation may backfire by creating insecurity and instability in the system.

One of the most important problems, which the government has not yet addressed, is the high commission that private agents charge to affiliates. At 3.8 per cent, it is the highest in the region compared with 3.5 per cent in Colombia, 2.89 per cent in Chile and 2.6 per cent in Uruguay. Whatever the reason, high commissions also create aversion to

the system, and this contributes toward reduced coverage.

Another limitation is the lack of financial instruments to generate future returns to the pension funds (aside from the ban on investing in foreign assets). This is important because 70 per cent of the private system affiliates are under 35 years of age, meaning that pension benefits will not be paid in the short term. Long-term financial instruments or investments are rare in Peru, mainly because of political instability.

Another limitation is that the "Classifying Commission" determines which assets and bonds the private agents can and cannot invest in. Present debate centers on proposed reforms in these investment limitations. In view of the current economic recession in the country, private agents will be used to inject fresh long-term investment into the economy and to invest in the real estate and construction industries as part of a government program for housing facilities for poor families.

Human effects of the reform: forgotten again?

Private pension systems have extended all over Latin America. Argentina (1994), Bolivia (1997), Colombia (1993), Chile (1981), El Salvador (1997), Mexico (1995), Peru (1993) and Uruguay (1996) adopted new systems such as the ones discussed in this section. In all cases, privately managed pension funds are the most influential force on the domestic capital markets[18]. However, this entails investment risks, individual longevity risks, and demographic risks.

The investment risks can be systematically decreased by diversifying pension fund portfolios, but inflation and exchange risks cannot be avoided. Individual longevity risks — some individuals require more resources because of unexpected longevity — can be managed if affiliates with surplus income voluntarily save more than private pension providers require. The demographic risk is that a group will have different-than-expected longevity, requiring establishment of State guarantees or reinsurance with domestic or foreign pension funds or insurers[19]. These risk reductions should be coupled with transparent investment strategies, accountability, and clear reform legislation that will last enough to gain the trust of the affiliates, provide incentives for workers to join the private system, and broaden its pension fund.

How well are the new private pension systems covering the most vulnerable and poor? Unlike the reforms in social insurance, pension reforms have apparently not yet created a new group of uninsured. Since they cover only dependent workers (employees), private pension systems under the reforms have not solved the situation regarding unemployed individuals and those employed in the informal sector, or the needs of women who work at home and make no contributions to any pension system. In 1997, only 49.4 per cent of the econom-

ically active population in Lima (Peru's capital city) was employed in the private formal sector[40]. Latin America's large informal sector and unemployment rates require a pension system that covers more than half of all workers.

In the year 2000, seven years since Peru's reform, less than 30 per cent of the working population, including 18.9 per cent of the formal workforce, was covered by some sort of pension insurance[41]. It could be argued that, in Peru, the public and private systems compete for the same socially included population, and therefore coverage is low. However, if the PPS was to be eliminated as in the Chilean pension reform, a larger group of uninsured could appear. The informal sector would need to be canalized towards the formal sector and sporadic and seasonal workers would need a special contributory system in order to ensure decent old age benefits.

Reports show that in the entire region, except Chile, not even half the formal labor force has been affiliated to the new systems mandated by the reforms. Not even in Chile are all workers (including those in the informal sector) affiliated to some kind of old-age pension scheme.[42]

A solution seems to be a multi-pillar system. The first pillar, the PPS, would ensure retirement benefits for the unemployed by providing temporary low-wage jobs in activities of social interest. The PPS would be able to benefit from the management skills and investment portfolios of the second pillar, the private pension system, and produce higher returns in its pension funds[43]. Such a solution may eliminate the competition system and turn it into a "collaboration system" between public and private pension providers, more or less like the reformed Mexican pension structure where both systems interact.

Vulnerable groups

The reforms have not secured coverage for all. Indeed they have created a new class of uninsured among the most vulnerable and poor — mainly informal workers, women and the elderly, but also other groups which are also victims of discrimination such as the disabled, people with AIDS, etc.

The same fiscal unsustainability that prompted the reforms damaged the formal labor sector in many Latin American countries. International investment and free trade augmented unemployment and forced many formal workers into the informal sector. Informal workers, under a fully funded system, do not apply for pension benefits when old and are entirely uninsured. Some of these workers are employed on-and-off in the formal sector and contribute to the private pension system, albeit sporadically. Private pension providers promote voluntary contributions, yet where these providers exist, voluntary coverage for self-employed workers is the lowest for the region — Chile (11 per cent), Peru (4 per cent), and Mexico (1 per cent)[44]. This is not an alternative to increase

coverage of the self-employed[45].

Women remain largely uninsured in Latin America. Their work, mainly inside their own households, is not remunerated, and they usually "lack the labor force participation that would entitle them to contributory benefits, and even if covered, they are usually only 'partially' insured because their levels of education, wages and years of service were low"[46]. Furthermore, women own little property and hence are highly vulnerable to an old age of poverty.

Under current systems, when marriages break up, most women are left without a decent income or pension, especially when such a break occurs at an older age, although a series of measures could be taken "to extend the implicit family contract into old age".

Finally, the elderly, whose welfare is the main purpose of pension systems, are one of the most vulnerable groups. Time of service requirements prevent most elderly from seeking better pension benefits in the private system and hence are left in the public one. When pension reform leads to a multi-pillar system, the elderly may receive public pension benefits. However, if the reform leaves only a private system, these elderly contributors to the former PPS would find themselves uninsured by the private system when it seeks to reduce their client risks.

CONCLUSIONS

A new word should be present in all policy discussions dealing with social protection and pension reform: uninsured. Uninsured persons result from a mixture of causes, including social exclusion, cream skimming and permissive incentives for free riding. Poor countries cannot sustain large uninsured populations in the long run because they will eventually require support from old-age or health benefits, no doubt at a cost to taxpayers which drains scarce budget resources.

In designing solutions to this problem, countries in the Latin American region should be guided by two basic financial facts: (1) Contributory social security and pension programs are a fiscal necessity. (2) A large dose of redistribution between the richer and the poorest is inevitable. Any other approach would be financially unsustainable and would not succeed in providing social protection and pension coverage for the poor.

Over time, economic development and increased female participation in the labor force will result in greater social protection coverage. However, to move proactively on increasing coverage, measures are required on a national basis that involve both rich and poor people, and both the public and private sectors:

- To protect the poor, a national health care system or integrated social insurance health systems should be established.
- For the rich, it should be made possible to obtain additional coverage or better protection through different providers, but without fiscal subsidy.

- Private and public sector insurance and pension systems should work together to develop new services and products that would increase coverage. Free market competition is of no use when half the country's population does not have the purchasing power to access insurance.

When embarking on new social protection or pension reforms, the principal focus naturally has to be placed on achieving increased coverage for the poor and vulnerable populations, and on providing a springboard for all those who are currently excluded, not just short-term relief and a simple safety net. To those ends, experience in the region leads to some suggested guidelines:

- Coverage should extend not only to workers in the formal sector — market-based and public — but also to informal sector workers and the unemployed.
- Though the current exclusion of the poor and the extreme poor needs urgent attention, rent, food or fuel subsidy programs should be avoided since they do not build up or strengthen social, economic or political capabilities.
- One approach is to encourage associations or cooperatives of low-income individuals, families and groups which can facilitate, and provide incentives for, affiliation with insurance and pension systems.
- A longer-term approach is to give priority to children's education, since in later life that improves income and access to social insurance and protection. This priority is reflected in targeted conditional transfer (TCT) programs which provide income support to poor families on condition that children attend school; however, TCT programs can experience unsustainable costs and serious shortcomings in coverage.
- It is almost impossible for independent workers to contribute voluntarily. Low-income workers have relatively short life expectancy, so it may make more sense for them to use their meager incomes to survive at present rather than saving for a distant future when they may not be alive.

However, social protection not only involves insurance, but also relates to the range of national programs and projects, which are directed at eradicating poverty. It is important that these programs draw on the best available experience for their design and the best mix of partners for their execution.

First, as regards design, only a few research centers study social welfare on a regional basis, and more such work is needed to draw on Latin American experience and the lessons learned for the design of new social protection programs. Some cross-country comparative analyses have been done by research networks, and some studies have been conducted on health, education, poverty and social security issues. But most studies confine themselves

to in-country research, and a lack of financial resources affects their sustainability.

Second, as regards execution, one of the main conclusions from the analysis of social policy in Latin America is that the private sector and civil society organizations need to play a more leading role. They should be in charge of executing those social programs where they have competitive advantage, while the State concentrates on monitoring and carrying out impact evaluations. Nongovernmental organizations are big players in designing cost-effective social programs, but need to strengthen their relationships with public institutions; the most innovative practices in the region relate to civil society participation in such programs as locally administered community health, nutrition improvement through "popular kitchens" and mothers' clubs, community banks for micro finance, and local committees for conservation and the environment.

Mobilizing these research findings and these broader partnerships could also help strengthen lobbying efforts, develop political support, and attract international cooperation, which can bring about the needed redirection and reinvigoration of social policies. In the final analysis, better resourcing, design and execution of social programs is essential if poverty eradication is to succeed among the indigenous people in Ecuador, the landless in Brazil, women in Peru, and other poor and vulnerable groups in Latin America. □

Notes

[1] Bourguignon, F., *Social Security in Industrial Countries: Which lessons for LAC countries?*, LAC June, p. 7.

[2] Jorgensen, Steen Lau and Julie Van Domelen, *Helping the Poor Manage Risk Better: The Role of Social Funds*; p.3 in Lusting, Nora, "Shielding the Poor: Social Protection in the Developing World", Brookings Institution/Inter-American Development Bank, Washington, D.C., 2000, pp. 10, 15, 24-25.

[3] Bourguignon, F., op.cit., pp. 16-17.

[4] The 'trap' implies that in the event of a shock, individuals and families who have chosen to reduce their labor hours to benefit from the income maintenance programs, stand in a position of higher social risk than those holding a formal job. Idem. pp. 20-21.

[5] Rodrik, Dani, *Why is there so much economic insecurity in Latin America?*, Harvard University, Cambridge, 1999, pp. 3-5.

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Issues of Social Protection in the Arab Region

A FOUR-COUNTRY OVERVIEW

by SALIM NASR

Social protection needs in the Arab countries increased in the 1990s because of significantly increased unemployment, lack of job creation, and deterioration of real wage rates. At the same time, pressure to lower government spending on social services meant a weakening of the ability to provide protection for the most vulnerable groups. Dr. Salim Nasr, the Director of the Lebanese Center for Policy Studies, Beirut, analyzes these trends in four selected Arab countries, and assesses the targeting, efficiency and impact of their social insurance and assistance programs.

CONTEXT AND BACKGROUND

The geographic region covered by the 22 Arab states includes a complex variety of social development and social protection programs. To make issue and trend analysis more manageable and meaningful, four countries have been selected to represent this diversity and provide an overview. The focus is on Egypt, Morocco, Jordan and Lebanon, and is based on several considerations. The sample includes the largest state in the region (Egypt, 68 million people), one middle size state (Morocco, 30 million) and two small states (Lebanon and Jordan, about 4 million each). It includes states in the western, central and eastern parts of the region. In these four countries, data and studies on

social protection are relatively more developed and available, including statistics, policy research, and evaluations of impact, coverage, cost-effectiveness and administration. Building on these foundations, it is hoped to open the way for much needed policy research and public debate on social protection in the region.

During the quarter century between 1960 and 1985, despite two Middle East wars in 1967 and 1973, the Arab region outperformed all other developing regions except east Asia in income growth and the equality of income distribution. Infant mortality was halved, life expectancy rose by ten years, and absolute poverty (5.6 per cent) was lower than in East Asia (14.75 per cent) and Latin America (28.8 per cent). Rapid economic growth, the boom in world oil prices since 1973, and generous social transfers to large parts of the population were behind these achievements (World Bank, 1995).

However, the past fifteen years (1985-2000) have seen a deepening economic and social crisis in the region, due to complex factors including collapsing oil prices, two devastating Gulf wars (1984-1991), deteriorating productivity and slowness in structural reforms in a far more competitive international context. Real per capita income stagnated or grew by less than 1 per cent a year in most countries of the region. Per capita income in 1995 was broadly similar to that of 1985, at a time when developing countries as a whole registered a 40 percent increase and the countries of East Asia an 80 percent improvement. Despite some changes in the mid-1990s, stagnant growth and per capita income levels still prevail in most countries of the region.

In an increasingly globalized economy, the limited linkages of the Arab region with the international system left it essentially marginalized. Its share in world trade has fallen since the mid-1980s from 5 percent to 3 percent. In 1995, the region attracted less than one percent of equity capital flowing to developing countries from industrialized investors, and that was highly concentrated in the energy sector (El-Erian, 1997).

The focus of most structural adjustment policies of the 1990s was on financial and macroeconomic stability, without really engaging in structural economic, social and institutional reforms. This had negative effects on Arab labor markets, which suffered from an increase in hidden unemployment, a lack of new job openings, and a deterioration of real wage rates in the 1990s. Unemployment rates in Egypt, Morocco and Lebanon have increased by 10 to 19 per cent — low estimates because they tend to reflect only workers who lost jobs in the formal sector. Jordanian data, for example, indicate that unemployment is highest among the poorest of the poor at 34.2 per cent, followed by the abject poor at 26.8 per cent, and remains high even for the non-poor at 15.3 per cent (Shteiwi: 2000).

The decade of the 1990s saw a steady growth of the informal sector. In Egypt, 40 per cent of the total urban work force

is in the informal sector in Egypt; the figures were 33 per cent in Jordan by 1995, and 28.4 per cent (estimated) in Lebanon during the 1990s. Morocco's informal work force grew twice as fast as the formal sector during the 1990s. In the region, segmentation of the labor market has become more acute. The public-private, male-female, and formal-informal divides are all producing major disparities in income and creating the need for greater levels of social protection for marginalized segments of the population (El-Khawaga, 2000).

The percentage of poor people living below the absolute poverty line in the entire region is on the increase — from 18.7 to 21.3 percent in Jordan, between 1987 and 1998 (Shteiwi, 2000); from 16.4 to 29.2 per cent in Egypt, between 1982 and 1996 (El-Laithy, 1999); reaching an estimated 28 per cent in Lebanon in 1993 (Haddad, 1996). Poverty has been relatively evenly distributed between the urban and rural sectors, indicating a general lack of social protection for the poor regardless of geography.

In the last decade, Arab States in general have continued to allocate quite high levels of public expenditure to social sectors. But too much of it has gone for developing the infrastructure for education and health care, and paying salaries of the disproportionately large number of public employees in these sectors. Various studies have criticized these high spending levels as inefficient and wasteful, failing to provide basic social services to the majority of the population, and giving too little priority to the poor.

Globalization has added to the social risk factors in Arab societies as a result of the major restructuring of economies and labor markets, the pressure to lower government spending on social services, and the already institutionally weak mechanisms for social protection. These could be resounding setbacks, since progressively covering people's basic needs remains a fundamental precondition for sustainable development. On the contrary, Arab states and other developing countries have been left with insufficient funds for the unemployed, for health care services, for training and education to qualify people for jobs in the new global workplace, for those of retirement age, and for those who have suffered from work-related accidents. The ability to provide social protection has weakened at a time when it is becoming more needed.

Social protection is a fundamental and central feature of the social contract that any state makes with its citizens and that citizens make among themselves. At the most fundamental level, social protection refers to public and private policies and programs which offset the absence or substantial reduction of income from work, assist families with children, and provide people with health care and housing.

Social protection takes two main forms: 1) Social insurance or social security, which is financed by contributions which are pooled by individuals or households to protect themselves against future

risk; and 2) Social assistance which encompasses public actions designed to transfer resources to members of society who are eligible on the basis of their deprivation. The effectiveness of these two categories of social protection needs to be analyzed. Regarding social insurance schemes, whether self-funded or mandated by law, how efffective are they in minimizing the risk factors for the formally employed sector of the society? Regarding social assistance programs, whether based on public expenditure, community or interpersonal transfers, how effective are they in expanding coverage to the informal sector, to those in abject poverty, or to the most vulnerable social groups?

SOCIAL INSURANCE SYSTEMS: TARGETING THE FORMAL SECTOR

For decades, the four countries have been developing formal social security systems to provide protection to their working population — Egypt since the mid-1950s, Lebanon and Morocco since the early 1960s, and Jordan since the late 1970s. Several common features are shared by their mandated social security systems: they are basically classical state-run compulsory schemes; they are financed by contributions of a percentage of lifetime earnings; they operate as pay-as-you-go schemes and are only very partially funded; they have defined benefit plans and the entitlements are employment related; and they aim to be self-sustainable in the long term.

With the exception of Lebanon, where the predominant practice is required contributions by employers, funding generally comes from contributions by both employers and wage earners, with the State committed to cover deficits. Most benefits are provided by the publicly run funds themselves. However, some laws mandate that employers must offer the services of private insurance companies in lieu of public coverage.

The main characteristics of the social insurance systems in the four countries can be compared and analyzed as follows:

Incomplete protection against major social risks

The four national systems have important insurance coverage gaps and have yet to reach full maturity, as summarized in table 1.

Unequal treatment of individuals

Social insurance systems in the four countries are made up of several segmented schemes with unequal legal benefits and unequal treatment of individuals. Egypt has six, Lebanon five, Morocco seven, and Jordan two different schemes for different types of employees.

The segmentation reflects the ranking of each category in the power structure. The military receives universal coverage, often with much higher pensions and health benefits than the rest of society. Next comes the state permanent civil servants, who generally enjoy a much better than average packet of ben-

Table 1—SELECTED NATIONAL INSURANCE SYSTEMS

	Egypt	Jordan	Lebanon	Morocco
Old-age pension	Yes	Yes	Partial[1]	Yes
Disability insurance	Yes	Yes	Yes	Yes
Death insurance	Yes	Yes	Yes	Yes
Sickness and maternity leave	Yes	No	Mandated but not implemented	Yes
Medical benefits	Yes	No	Yes	No
Work injury benefits	Yes: Employers contribute	Yes: Employers contribute	For workers with employment contracts	For workers with employment contracts
Family allowance programs	No	No	Yes	Yes
Unemployment insurance	Some[2]	None	None	None

[1] *Lebanon still has no real pension scheme, only a lump sum and end-of-service indemnity. A main problem is the discrepancy between the legal amount due at retirement and the real amount existing in the corresponding account, due to inflation, nonpayment of contributions, and low return on investments.*

[2] *Egypt, the only country with unemployment insurance, provides limited coverage. It excludes casual agricultural workers, domestic workers, those employed in family labor, public employees and employees over the age of 60. If qualified, the unemployed can receive 60 per cent of the last wage for up to 28 weeks. However, estimates show that less than 10 per cent of the potential beneficiaries receive benefits under this scheme.*

efits. In most countries, these two sectors and their dependents include no more than 20 per cent of the population (but in Jordan 45 per cent of the population is covered under military-run or public sector schemes).

The preferred groups also tend to benefit from a higher quality of services. For example, in Egypt, where medical benefits are fragmented into several separate systems, badly coordinated and unequally equipped, only a certain group of the population is served by each: Upper and upper middle class people in private hospitals and private insurance companies; army and security forces in exclusive hospitals financed through tax revenues; parts of the upper middle class and professionals through organizations which run their own high-quality health clinics; members of the general social insurance scheme either get free service in the poor quality public health care system, or second rate service in contracted private hospitals.

The several systems in each country may operate through multiple channels. In Morocco, the channels range from the major Caisse Nationale de Sécurité Sociale and other public and semi-public schemes, through cooperatives (mutuelles) and semi-private schemes. In Lebanon, there are more than 10 channels by which government expenditure on health coverage plans take place, including a number of ministries, other government institutions, cooperatives and mutual benefit funds. Such dispersion increases the administrative costs of coverage, decreases the negotiating power of the insuring institutions vis à vis the mostly private institutions producing the service, and maintains a large disparity in the ceilings and the cost of benefits paid by each institution for the same type of service.

In general, only limited social redistribution is achieved by the formal social security schemes of the four countries. Work injury and family allowances programs have tended to provide some cash transfers to poorer people. But retirement benefits have mostly favored the relatively better paid, according to their contributions, and the typical pay-as-you-go and nonuniversal models of social security. In Morocco for example, children and teenagers (40 per cent under the age of 15), old people (5 per cent above 65), and women are the people most affected by poverty; however, by design, their benefits are limited to the small contributions made on their behalf (Boudahrain, 2000). One exception is Egypt's social security system, which, under government incentives to put a brake on rural-to-urban migration, is highly redistributive in favor of farm workers and smallholders who make up about one-third of the work force and receive benefits estimated at 43 times higher than their contributions (Gray, 1999).

Limited coverage of the concerned population

The most significant characteristic of social insurance systems in the Arab world is that, although designed to be universal, they actually only cover part of the intended beneficiaries. These gaps arise because many private employers do not feel obliged to actually pay contributions or provide benefits. Also, the States' administrative and judicial capacities are often too weak or sometimes too corrupt to enforce accountability and ensure universal coverage within the laws.

The coverage shortfalls in the four countries are so large that it is not surprising when 50 per cent of the population is left uncovered. In Egypt, estimates are that only about half the private sector workforce is actually covered by formal schemes, largely due to poor monitoring by the Ministry of Social Insurance (Loewe, 2000). Morocco's system covered 930,000 private sector employees in 1996, but in the cities alone there were over 1.7 million private sector employees, according to the Census Board (Caisse Nationale de Sécurité

Sociale, 1999). No economic sector in Morocco could boast coverage for more than 50 per cent of its employees, with the industrial sector highest, and the agricultural sector lowest at 11 per cent (Centre d'Etudes et de Recherches, 1997). The record is also poor in Lebanon, where the many employers who do not declare their employees face little or no legal consequences, and only 28 per cent of the labor force was registered with the National Social Security Fund in 1996 (Khalidi-Beyhum, 1997).

Sectorally, formal health insurance schemes (public and private) cover only 55 per cent of the population in Lebanon, (despite the country's relatively very high expenditure on health at 10 per cent of G.D.P), maybe 50 per cent of the population in Jordan, 30 per cent in Egypt and maybe less than 25 per cent in Morocco. They usually include civil servants, military personnel and their dependants, employees of some large companies, and upper middle class elements who can afford private insurance.

Looking at health insurance, more than half the Lebanese remain outside the various coverage plans, and only 13 per cent request the Ministry of Health to cover their hospitalization. The Ministry of Finance has reported that 55 per cent of government health expenditures are for a limited number of patients in private hospitals; that about a third of these outlays goes to state employees, who make up 15 per cent of the population; and that this prevents a large number of poor and low-income individuals from benefiting from basic and primary health services (UNDP/ Ministry of Finance in Lebanon, 2000).

Coverage rates of pension insurance in the region are even lower, ranging from 20 per cent of the labour force in Morocco to about half in Egypt (or between 18 and 35 per cent of the working-age population). Among the uncovered, some categories are not required to contribute by law, but many others intentionally evade the payroll and other taxes of the formal sector.

Finally and most important, the social insurance systems are not designed to include the informal sector, which in most Arab countries includes a very large part of the agricultural work force.

Low level of real benefits

Many social insurance schemes in the four countries are characterized by low benefit levels. In Egypt for example, the value of retirement pensions in real terms has been declining steadily over the last 15 years due to rises in the average consumer price. Many pensions are below the poverty line. Several factors contribute to that low level. Pensions do not automatically adjust for inflation. The law calls for contribution rates up to 32 per cent of covered earnings, but aggregate contributions represent only 17 per cent of taxable wages. Moreover, both employers and employees often prefer to underreport wages and salaries. Large shares of the income of higher income groups are not included. Average pensions are particu-

larly low for survivors and the work disabled, which helps explain the concentration of poverty among women-headed households and households without a male earner (Loewee, 2000).

In Jordan, after a 100 per cent increase in 1999, the minimum pension is still about US$ 100 dollars per month, not nearly enough to sustain the primary wage earner of a family after retirement.

There has been a general trend towards an increase in the levels of benefits in the region recently. For example, Morocco's disbursements have increased by an annual average of 13 per in recent years (Centre d'Etudes et de Recherches Demographiques, 1997); Jordan has raised the maximum pension to 80 per cent of the last wage; and Lebanon is planning to increase the minimum value of pensions by moving into a multipillar pension fund scheme.

For most workers of the region, pensions promise 70 to 80 per cent of the ending wage, but actual benefits are significantly lower. This is because of the above factors, the lack of formal indexation mechanisms, national inflation rates and governmental discretionary adjustments.

Relatively costly and inefficient administration

In most social insurance systems in the region, administration and transaction costs are quite high. While the international average is 3 to 4 per cent, in Lebanon these costs reached an all-time high of 20 per cent in 1996 and recently have been pushed down to 11-12 per cent — still very high (Melki, 2000).

Many concerned institutions in the four countries suffer from shortages of needed financial, technical and administrative skills, overstaffing, low levels of computerization and automation of their records and procedures, excessive centralization, heavy bureaucratic routine, weak monitoring of compliance and contributions, and attitudes and practices towards beneficiaries that are not always user-friendly.

Divided supervision of programs across ministries and public institutions is also a problem. For example, in Egypt, three different institutions administer the benefits overseen by the Ministry of Social Insurance. This fragmentation affects the programs' outreach and complicates the identification of eligible recipients (Nassar, 1997).

Finally, the geographical divide also causes administrative problems in social security systems in the region. In Jordan, Morocco and Egypt, studies have cited better coverage and identification of eligible recipients in urban areas than in rural ones.

Emerging issues of financial sustainablity

Sustainability is an emerging issue for social insurance systems in the region, and the financial viability of the public funds is a growing concern. As the systems are generally pay-as-you-go, a critical question is whether they could go bankrupt and whether individuals' and employers'

contributions for the future security of the recipients are being wasted. Social insurance and pension finances are in transition. They are still producing excess income and accumulating reserves, but financing gaps and significant deficits are considered likely in the next five to ten years. In Egypt, the dependency ratio of pensioners to contributors, now at 37 to 100, is increasing and is already out of line with the dependency ratio of old-age to working-age persons, which is 14 to 100. Also in Egypt, several systems encourage early retirements, evasion of contributions because of high nominal rates, and manipulation of benefits by, for example, mutual understandings to inflate last years' wages (Loewe, 2000).

In addition, the demographics of the concerned countries are shifting, and systems will come under more financial strain as people have fewer children and live longer, pension benefits grow, more elders need medical care, and there are fewer workers to support them.

Finally, policies for investing current reserves are often unsound, with returns lower than basic interest rates and inflation rates. Reserves in Egypt, Lebanon and Morocco are deposited with public financial institutions with limited interest rates, and are being used in government spending, public investments and infrastructure projects which bear no yield and cannot be sold when needed. Funds of the social insurance systems thus become treasury liabilities and exist on paper only. The state would have to raise new taxes to settle claims when really needed. In Egypt, the National Investment Bank's debt to the Social Insurance System is about $27 billion, whereas the national debt is around $28 billion. Although Egypt's system has a current net inflow, estimates show the debt will increase in the future, as contributions rates will not reflect economic growth and demographics shift more into the urban and formal domain (Chemonics, 1999).

The problem of hyperinflation and insolvency has been particularly acute in wartorn and postwar Lebanon. The National Social Security Fund lost most of its reserves and suffered a general institutional breakdown. It actually stopped providing benefits during the last few years of the war, as hyperinflation bankrupted the retirement pension scheme. As a result of postwar recovery, in 1998, its funds totaled over US$300 million, or 1.9 per cent of the GDP. But its long-term sustainability is again an issue as the State has largely used the surplus to finance its dangerously increasing public debt.

SOCIAL ASSISTANCE PROGRAMS: POVERTY ALLEVIATION MECHANISMS

In national social protection portfolios, social assistance programs complement social insurance schemes and try to extend the reach beyond the insured categories of the population. While social insurance schemes in many societies are legally mandated, work-based, mostly contributory and state-run, social assis-

tance programs are generally noncontributory, means-tested, based on availability of funds, and run by a mix of public, civil society and individual actors.

Social insurance schemes tend to protect mostly the wage-earning, formal sector, urban, and less poor segments of the population. Social assistance programs tend to protect the informal, self- or family-employed, the underemployed, and the poorer and vulnerable segments of the population.

Social assistance programs are not only forms of social protection, but also components of poverty reduction or alleviation strategies that states and societies use to reduce social exclusion and abject poverty and open avenues of integration and mobility to the weaker sectors of society.

As in many parts of the developing world, social assistance in the Arab region is mainly provided through public expenditure programs which rely on allocated budget funds and recently on additional international assistance. Programs may take the form of cash transfers, subsidies to consumer goods, or funding for income and employment generation schemes. Civil society organizations (CSOs) often provide crucial support. Arab CSOs have started developing their own social assistance initiatives with private local and international support, and/or acting as executing agencies of public expenditure programs. Although on the rise everywhere, the relative weight of CSOs seems larger in Jordan, where many programs cross over between quasi-governmental and CSO funds, and in Lebanon where CSOs played a unique role during the war and postwar reconstruction.

PUBLIC EXPENDITURE PROGRAMS

Governments of Arab countries have a range of public assistance programs which address directly the social protection needs of the most vulnerable groups of the population. Constraints on the ability of Arab States to increase spending on targeted social assistance programs include the fact that social sector spending is already relatively high and the effects of their national debt levels and adjustment programs. Any reform of social assistance policies would have to focus on innovative and more efficient programs, or on such solutions as less costly direct cash transfers to the needy or unemployed. Most current programs have been effectively targeted to the vulnerable groups, but serious questions exist as to whether they have had a significant impact in providing marginalized populations with valuable social protection.

Cash benefits and subsidies to vulnerable categories

In Egypt the Ministry of Social Affairs plays the leading role in social assistance programs. It provides cash transfers directly through its 27 branches in the governorates or through various CSOs. The Ministry manages three main social assistance funds:

- a permanent pension fund for special categories such as orphans, widows, divorcees, totally disabled, old maids, families of convicts;
- a temporary social assistance fund for pregnant women, partial disabilities, funeral care, emergencies, natural disasters and accidents;
- a fund for families of former government employees in the lower income group needing assistance with expenses for sickness, education, or marriage.

Estimates are that government social aid schemes only reach about 20 per cent of the targeted needy, 15 per cent of the total poor families, and 40 per cent of the ultra poor families. Several groups are excluded, such as the working poor who have another source of income, the wives of unemployed men, and wives who are heads of household (Bibars, 2000). Though targeting seems efficient, per capita transfers average only 35 per cent of the poverty line. Aggregate spending on these programs bridges no more than 6 per cent of the poverty gap.

In addition, Bank Nasser, whose main purpose is funding social infrastructure projects, provides limited relief cash grants to the poor who are reaching retirement age without coverage under other systems, marginalized divorced women and the unemployed (Loewe, 2000).The multiplicity of programs providing cash social assistance leads to confusion among beneficiaries and leakage of benefits because of weak monitoring and poor linkages between different agencies.

In Jordan, direct cash transfer programs are channeled through the National Assistance Fund, which gives cash transfers primarily to households with unemployable members, excluding students and female dependents, and to the poor. Over 70,000 people have received aid since the Fund's establishment in 1987. Aid distribution is uneven geographically, with only one-third allocated to the central zones where two-thirds of the poor live (Shteiwi, 1999).

In Lebanon, the Ministry of Social Affairs spends about 13 per cent of its total budget on food and housing subsidies to special groups such as orphans, handicapped and some homeless; and about 26 per cent of its budget on educational and vocational training allowances for the same special categories and some very low-income individuals in low-income areas. The Ministry also contributes to health care for poorer and vulnerable categories, channelled through 89 health care centres it supervises directly and through subsidies to health facilities run by CSOs, which provide free care for the poor and special vulnerable groups.

In Morocco, dwindling resources impair the action plans of 'L'Entraide Nationale' which assists orphans, the elderly and the handicapped. As elsewhere, such targeted assistance programs are too small for major national impact. National mutual aid activities, like in Lebanon, have small food, training and other programs for the poor and food sub-

sidies for school children, of course not reaching the many poor children who do not attend school (van Eeghen, 1998).

Cash transfers have important drawbacks in the four countries. They could generate disincentives to work and substitute for alternative private assistance. They have also often been restricted to the visibly poor and the nonworking poor (orphans, disabled, widows and divorced women, elderly). They could be more effectively limited to the truly needy if target groups were better identified. However, their costs are reasonably limited and transparent, and their coverage could be increased easily if more resources were allocated. If socioeconomic conditions allow, they could form the core of a citizenship-based, means-tested system of social assistance.

General subsidies of food and basic consumer goods

As in many developing countries, governments of the Arab region subsidize prices of basic foods and ensure their supply to their poorer sectors of the population. Typical items include bread, sugar, powdered milk, tea, cooking oil and other basic goods. This indirect social assistance aims at raising the real income of the poor by reducing prices of basic goods on which they supposedly spend a larger share of their income.

Subsidy programs peaked in the 1980s in most Arab countries. They reached as high as 13 per cent of GDP in Egypt (7 per cent food and 6 per cent non-food goods) and around 5 per cent in Jordan and Morocco (Van Eeghen, 1998; Loewe 2000). In the 1990s, the subsidies became fiscally unsustainable and were drastically cut. Egypt's figures went down to around 2.5 per cent, and Morocco and Jordan to 1 per cent and 0.5 per cent of GDP.

Evaluations of food subsidies show that they reached most of the poor, raised caloric intakes by about 40 per cent and generally improved nutritional status. However, there were disproportionate benefits to the rich, and administrative costs were and continue to be high. In Egypt, it was estimated that to channel one Egyptian pound to the poor, the State spends 3 pounds on bread subsidies, 10 pounds on sugar subsidies, and 33 pounds on oil subsidies. The amounts spent in the 1980s were far above what would have been required, if perfectly targeted, to bring all of the poor above the poverty line (Loewe, 2000).

Like all social assistance programs that reach large parts of the population, food subsidies are easy to start, but politically difficult to abolish, as illustrated by food riots in the 1980s in Egypt and Morocco and in 1997 in Jordan. In 1995, food subsidies still represented a much larger share of GDP than direct transfers in Egypt, Morocco and Jordan, but not in Lebanon, where food subsidies were always limited.

In the 1990s, Egypt, Jordan and Morocco reduced funding and experimented with better targeted delivery. In 1991, Jordan introduced food coupons

for all households to purchase limited quantities of basic goods at special stores, but in 1997 switched to a food cash subsidy targeted to households with incomes of less than 600 dinars (Khalidi Beylum, 1999). Egypt offered ration cards to deliver subsidies, but many poor and illiterate people found the administrative steps overwhelming.

Finally, although cost controls and targeting were improved, there still is debate about phasing-out food subsidies in favor of more cash transfers and other forms of social assistance.

Public works programs

Some Governments of the region provide short-term (3 to 6 month) employment for unskilled or semi-skilled workers in public works projects in poorer and peripheral communities. This is seen as a way to reduce unemployment and generate income, especially in rural areas. The impact, however, tends to be quite marginal. Morocco's "Promotion Nationale" and Egypt's public works program under the Social Fund for Development typically only provided for about half of one per cent of the labor force and accounted for less than a third of one per cent of GDP. Moreover, because large shares of resources go to staff salaries and operational costs, worker payments accounted for no more than 30 per cent of total project costs in Egypt, and maybe 50 per cent in Morocco, compared to Chile's average of more than 80 per cent.

Multi-program approaches: the new social funds

Income generation approaches to social protection and poverty alleviation have been part of the repertory of social intervention in the Arab region for the last few decades. Until the 1990s, only a few public programs and nongovernmental actors were involved. With accelerated structural adjustments and economic reform policies in the 1990s, several Arab countries set up social investment funds or similar arrangements to increase needed social assistance.

Social funds were originally meant as transitional measures to alleviate the adverse effects of economic reforms on low-income groups, without trying to provide a comprehensive safety net for all vulnerable groups. Their focus has been on projects for income generation, employment creation and enterprise development and on basic social services for the poor. In recent times, social funds are more and more perceived and evaluated in the light of increasing needs for comprehensive social protection and poverty alleviation (Osman, 1998). Thus, small and micro-projects and community development projects (including public works) have been undertaken, instead of "traditional" social assistance through direct cash transfers and consumer goods subsidies. Social funds have worked with diverse partners, local administrations, CSOs, community groups and individual beneficiaries.

Egypt's Social Development Fund (SDF), created in 1991, is now the most

visible and established of such funds in the Arab world. Jordan's Social Safety Net, established in 1997, is similar in its reach. Morocco and Lebanon are discussing the establishment of social funds, mostly with the European Union.

In Egypt, the SFD has spent about 50 per cent of its resources on microenterprise lending, 35 per cent on local infrastructure projects and 15 per cent on human resource and community development. Critical assessments based mainly on the first phase (1993-1996) raised a number of issues about its impact and effectiveness. The operation is small compared to the size of poverty and social assistance needs, with expenditures representing only 0.2 per cent of GDP and never going beyond US$100 per poor person. SFD claims to have created over 220,000 permanent jobs, or 10 per cent of the 2.2 million unemployed, but the number and permanence of jobs created is debatable. Forty sponsoring programs assisted over 63,000 small enterprises and 40,000 microentrepreneurs up to 1998, but together reached not more than 5 percent of the potential beneficiaries. Until now there is little systematic evidence of impact on income, skills development, health indicators or other living conditions of beneficiaries (Tzannatos, 2000).

Efficiency in administration, targeting, unit costs per job created or microentrepreneur-assisted are difficult to estimate, and SFD depends heavily on foreign donors in the absence of serious prospects from domestic finance and local resources.

Multiprogram umbrellas such as social investment funds have not really addressed the issue of coordination and duplication with other public institutions and programs. In Egypt, for example, there is no apparent synergy or policy coordination between SFD and other major public actors involved in microlending such as the National Bank for Development, Bank Nasser, the Shorouk Program for Rural Development, and the Mubarak Social Solidarity Program.

ROLE OF CIVIL SOCIETY ORGANIZATIONS

Arab civil society organizations play an increasingly active role in social assistance to the poor and vulnerable groups of the Arab region. Several thousand CSOs in Egypt and several hundred in Morocco, Lebanon and Jordan work in many fields of social assistance and poverty alleviation. More significant CSO contributions are being sought as Arab states go through gradual economic liberalization and retreat from several domains of social service delivery.

This is only partially a new reality, since "traditional" charity-based organizations with welfarist, philanthropic and social action impulses have existed for a long time. Such groups still represent maybe 80 to 85 per cent of the total number of CSOs. Most newly established groups are turning to projects for income generation, integrated community development and advocacy.

Religious charities. The more numerous, sizeable and active charity groups

are faith-based — Moslem in the four countries, plus Christian in Egypt and Lebanon. The most traditional and pervasive are Islamic Zakat committees and Christian parish committees in neighborhoods, towns and villages. They rely largely on local, religiously motivated donations. Their assistance is ad hoc and generally very well targeted to needy members of the community.

The most efficient and modern are centralized organizations with professional staff, formalized processing of donations and grants, developed functions and local branches. They are usually emanations of central religious institutions such as the Catholic Caritas in Lebanon and Egypt, or large Islamic political movements such as the Moslem Brothers in Egypt and Jordan, Hizbullah in Lebanon, and El-Adl wal Ihsan in Morocco.

In Lebanon, for example, Catholic Caritas is one of the largest and most accessible CSOs. It runs a cash transfer program to increase purchasing power and satisfy minimum basic needs of the poor and unemployed. Individuals can apply at 42 local offices, and screening includes home visits over time to ensure that recipients still qualify (World Bank, 2000).

Secular development CSOs, which are in the minority in the four countries, are working energetically to promote new understandings and philosophies about participatory and emancipatory social development. Often led by former leftist partisans, women or human rights activists, they experiment with innovative approaches to social protection. Examples of such organizations are Amel, Al Najdah and Movement Social in Lebanon, the El Saeed association, and the Association for the Development and Empowerment of Women in Egypt.

CSO delivery of public programs has a large role in social assistance in the Arab World, not only with the social funds discussed above, but also in other programs.

In Egypt, the Social Fund's Enterprise Development Program aims at creating long-term employment opportunities in small- and micro-enterprise through a package of technical assistance provided through CSOs such as the Family Development Fund, CARITAS, the El-Saeed Association, and the Childhood Development Association. Another project aims at widening the Social Fund/CSO partnership by financing CSO work with small enterprise programs and short-term, community-based, labor-intensive projects such as public works programs that aim at creating 200,000 jobs (El-Laithy, 1999).

In Lebanon, CSOs have been quite active in health and education, with the state explicitly encouraging yet controlling their participation. The Ministry of Social Affairs has partnerships with registered CSOs, which are partly subsidized by the government and execute joint projects, often supervised by government agencies.

In Jordan, blurring of CSO activity with public sector edicts is most evident. Since 1985, the Productive Family Program of the Ministry of Social Development has cooperated with CSOs on 694

projects to develop working capital and revolving credit for families. Since CSOs have unproven experience and monitoring mechanisms, the efficiency of such programs has been called into question (Khalidi-Beyhum, 1999).

In Morocco, the CSO sector is relatively young and not as active in social assistance as CSOs in Egypt, Jordan and Lebanon. The government is trying to coordinate CSO microfinance activities through a national federation and a revolving fund for five national institutions which have targeted 30,000 clients for 2001 (UNDP/ Royaume du Maroc, 2000).

Traditional solidarity mechanisms provide significant contributions to social protection which are difficult to account for and estimate. Traditional assistance comes from within family groups, villages, informal mutual associations and local religious charities. Due to the patriarchal, localist, and kinship-based nature of important segments of Arab societies, informal and even formal sector workers, vulnerable individuals and poorer families resort to lending and relief grants from such sources. In Morocco, the state has tried to formalize these schemes in its national strategy on social development, microcredit and public works, particularly in the northern provinces. It has encouraged community-based and civil society organizations to help identify, promote and evaluate self-funded solidarity-type social assistance initiatives. In the future, by design, these grass-roots organizations are poised to take ownership of public social benefits programs being implemented within their communities.

TENTATIVE CONCLUSION

Social protection work in the Arab region has features and weaknesses similar to those faced in many developing countries. Its social security systems tend to cover only the formal sector and in a limited way. The social protection actually being achieved is lacking, real benefits are often low and administrative costs high, and there are serious concerns about long-term financial sustainability. The prospects are for less protection and further marginalization of the unemployed, the abject poor, and workers in the informal sector in the future because of the already existing budgetary constraints on social assistance programs and the already high and inefficient levels of public expenditure in general. CSO contributions to social protection tend to be small in scope, institutionally weak and often restricted by states which are reluctant to relinquish more of their declining social control.

Some calculations indicate that few of the government-funded social assistance programs have actually been effective. Perfectly targeted cash transfers would have lifted all the poor people in the region out of poverty. In Jordan, this would have taken direct transfers of $7.7 million, or 0.16 per cent of GDP, and in Morocco $25.68 million, or 0.08 per cent of GDP. However, larger and more optimized cash transfers are not the only

answer, as they do not provide any income-generating incentives and a self-sustaining path for the poor, the unemployed and the larger informal sector.

In the Arab world, one suggestion is for states to focus on the integration of family, community and civil society organizations schemes into an alternative social insurance model that targets people lacking coverage, including the ultra poor, the unemployed and most of the informal workers. This could be attempted, while working more seriously and consistently on the reform and strengthening of the public formal social security schemes already in place. □

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SOCIAL PROTECTION CHALLENGES IN Southern Africa

by VIVIENE TAYLOR

In southern Africa, social protection should go beyond the classic approach of a residual safety net and deal with such deeper and broader issues as income poverty, food security, inequality and social exclusion, and capacity building for poor people. However, at present, coverage of the poorest members of society tends to be limited to small-scale interventions that respond to symptomatic rather than structural problems. This overview of existing national systems in the region examines what types of coverage, through what channels, are provided for what portions of the population, and identifies gaps and weaknesses. The author, Viviene Taylor, is a professor at the University of Cape Town, South Africa.

INTRODUCTION: THE REGIONAL CONTEXT

Central to the challenges of social protection are the issues, characteristics and features of this phase of economic globalization and its impacts on national and regional environments. It is precisely the differentiated and uneven impacts of economic globalization for countries in sub-Saharan Africa that create an environment of insecurity, characterized by continuing and deepening poverty, social exclusion and alienation and growing inequality. As acknowledged by the United Nations Development Programme,

> *"Globalization is not new, but the present era has distinctive features. Shrinking space, shrinking time and disappearing borders are linking people's lives more deeply, more intensely, more immediately than ever before."* (UNDP, 1999)

These features together with the recurrent crises in the region, as well as the HIV/AIDS pandemic, have had a devastating impact on southern African countries. Economic interdependence has generated more opportunities for some countries and created greater risks and vulnerabilities for others. It is these risks and vulnerabilities that are evident when one examines the human development status in the region.

Table 1 analyzes the regions' human development and socioeconomic indicators. These indicators must be seen in the context of worsening terms of international trade, limited foreign direct investment flows and declining financial resources. For many countries in the region the impacts of economic structural adjustment with debt servicing and low levels of economic growth have had negative impacts on governments' capacity to deliver on social development.

The socioeconomic trends highlight the challenges facing the region. There is mass poverty, and it is one of the poorest regions in the world. Its combined growth rate has been consistently low. There is long-term structural unemployment and underemployment, and a growing trend towards informal and casual work. Also evident is the feminization of poverty and the resource depletion in rural areas which makes it impossible to provide secure livelihoods and food for households because of vulnerability to droughts, flood and HIV/AIDS. Current labour and social protection standards and regulations are inadequate, and the challenges of social protection are many. Member States of the Southern African Development Community (SADC) are increasingly aware of the need to address these issues, which form part of the regional integration agenda of SADC. The state, the private sector, and communities and households have central roles in achieving the needed balance of economic growth with equity and social justice.

The reality for many countries in the region, however, is that social services are being cut back, and that food security and social assistance are compromised, as national budgets fall prey to competing priorities, in particular debt servicing.

Recent disasters in southern Africa, including floods in Mozambique and elsewhere, have produced economic and social devastation. Clearly, there is a need to anticipate, prevent and offset the consequences of such shocks through disaster preparedness and effective social policy arrangements at national and regional levels supported by appropriate international aid.

The capacity of governments to manage the process of economic liberalization as a key element of this phase of globalization is increasingly constrained by a number of factors. Not the least among these is the absence of effective social policy arrangements, particularly those of social security, to deal with structural or systemic social problems as well as the needs of those at risk and vulnerable because of poverty.

Table 1—COMPARISON OF HDI ESTIMATES OF SOUTHERN AFRICAN COUNTRIES[h]

Countries	Life expectancy at birth (years)	Adult literacy rate %	Real GDP per capita (PPP$)	Life expectancy index	Education index	GDP index	(HDI) value
Botswana	47.4	74.4	7,690	0.37	0.73	0.72	0.609
Lesotho	56.0	82.3	1,860	0.52	0.74	0.49	0.582
Malawi	39.3	57.7	710	0.24	0.63	0.33	0.399
Mozambique	45.2	40.5	740	0.34	0.35	0.33	0.341
Namibia	52.4	79.8	5,010	0.46	0.81	0.65	0.638
South Africa	54.7	84.0	7,380	0.50	0.87	0.72	0.695
South Africa*	54.7	81*	3,056[r]	0.50	0.81*	0.58	0.628*
Swaziland	60.2	77.5	3,350	0.59	0.76	0.59	0.644
Zambia	40.1	75.1	960	0.25	0.67	0.38	0.431
Zimbabwe	44.1	90.9	2,350	0.32	0.83	0.53	0.560

* *Adjusted — estimates based on the 1996 census.*

[r] *Based on data obtained from the Reserve Bank of South Africa.*

[h] *From the* Human Development Report, *1999.*

The financing of social security provision is also influenced by such demographic features as decreases in life expectancy (see table 1), among the highest infection rates and incidence of HIV/AIDS, and high fertility and population growth rates in the region. These factors affect many kinds of benefits — pensions for old age, invalidity and survivors, benefits for sickness and medical care, and unemployment coverage. Increases in the population dependency ratio together with unemployment and low levels of labour absorption in the formal sector make inclusion in conventional social insurance measures extremely unlikely.

RECONCEPTUALIZING SOCIAL SECURITY IN THE REGION

Historically southern Africa, with the exception of some countries such as South Africa, has had limited social insurance and social assistance measures. Social insurance coverage (employer-employee contributions for health, retirement and work-related contingencies) as a mandatory contributory system of one kind or another in the region has remained rudimentary. Some countries have put in place "provident fund" arrangements as a first stage towards social insurance (ISSA, 2000). Also uneven in the region is social assistance (publicly funded arrangements which include social services and income

transfers) which provides basic minimum protection to the population as a whole, or subject to qualifying criteria, for those who are at risk and vulnerable because of poverty and unemployment.

Conventionally both social insurance and social assistance constitute social security. Generally "social security" falls within the public domain, has national application, and is usually uniformly regulated by governments. Government, employers and employees contribute to it in varying proportions. In developed countries, a central feature in earlier decades was the alleviation of poverty in old age, with a gradual shift towards income replacement and universal coverage for all the aged. However, this is not the case in southern African countries, where poverty is pervasive in large sectors in the region (Van der Walt, 1999).

Developing countries are unable to provide social insurance coverage in similar ways to industrialized countries, especially given the effects of globalization and the growth in the informal sectors and atypical work. With low or negative economic growth and high fiscal deficits, countries in the region are unable to provide the significant social assistance which is required. Social assistance as provided through governments is traditionally seen as social consumption rather than social investment that generates development.

The International Labour Organisation (ILO) and the European Union (EU) define social security as schemes that compensate for the financial consequences of a number of social risks or social contingencies (Berghman, 1997). Internationally, debate about the reform

Social assistance by governments is traditionally seen as social consumption rather than social investment that generates development.

of social security has been driven by such considerations as economic and demographic changes, ineffective pension institutions and the desire to provide more effective social protection. Many countries recognize that changes in the national, regional and global contexts have to lead to changes in social security philosophy, especially on the "individual versus collective" level (ISSA, 1998).

In Africa, the debates tend to emphasize the privatization of social security schemes, the relevance of and adoption of the World Bank approach and the influence of structural adjustment programmes (Humba, 1999). There are also issues relating to the efficiency, management and governance of social security, as well as the need to extend cover to the informal sector. Unique challenges for social security and social policy arise because, it is argued, Africa has been marginalized and excluded from the benefits of economic globalization.

The problem with these debates, as outlined by Berghman (1997), is that little or no reference is made to poverty, inequality or social exclusion, the emphasis is put on the consequences of a particular set of social contingencies, and social security is defined with a social insurance bias. For such reasons, recent trends indicate a movement away from social security within a residual safety net approach to one that is internationally called "social protection." Social protection allows for a more comprehensive response to income poverty, capability poverty (dealing with health, education and other areas of deprivation), asset generation (particularly social capital, household assets, land and credit), as well as standard policy interventions dealing with contingencies and risks. Significantly, social protection could also include developmental programmes that are responsive to poverty, social exclusion and meeting basic needs.

Social security is moving away from a residual safety net approach to social protection — a more comprehensive response to income poverty, capability poverty, social exclusion, asset generation and meeting basic needs, as well as standard contingencies and risks.

Promoting a social protection approach within the southern Africa region requires certain preconditions within the public and private environments. Key among these are the following four: 1) An interface between social insurance type arrangements and publicly provided social assistance should be in place; 2) A regulatory framework is needed which integrates public and private benefits and provides a continuous range of instruments for all, including those who are categorized as atypical workers; 3) Traditional social supports that are provided through households, neighbourhoods and communities need to be examined to determine the extent to which these remain in place and are able to operate in the context of economic globalization; 4) Assumptions made about the survival systems of poor households given the multiple impacts of HIV/AIDS and chronic shocks alongside increasing marginalization and social exclusion must also be interrogated.

VALUES AND PRINCIPLES OF SOCIAL PROTECTION

For the southern African region, issues of central importance include the need for consensus on the fundamental values and principles that should underpin social protection reforms. Critical questions include: what are considered acceptable levels of provision and cover, and how can access be provided to the excluded majority? Linked to the values and principles that generally form the basis of social protection, countries in the region,

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because of their political, economic, social and cultural history and related factors, are influenced by four imperatives. These are the democratic, equity, efficiency, and moral imperatives.

Democratic governance and participation in countries in the region has major relevance for the establishment of appropriate and responsive systems of social protection. The links between democracy, human rights, satisfaction of basic needs and social protection are determined by complex considerations. Central to this is how decisions are made about who gets what benefits and under what conditions.

Issues of equity and distribution of goods and services tend to be relegated to what is affordable, rather than how specific social policy interventions aimed at equity can promote human development and contribute to sustainable economic development. Economic efficiency and institutional capacity to deliver social protection are important considerations, but the challenge in sub-Saharan Africa is not to view them as a trade-off with equity and issues of distribution. Key to the debates and concerns with efficiency and institutional capacity is the type of private-public mix of policy options that would promote the most effective range of benefits to the broadest number of people.

Other principles and values whose relevance requires discussion in the region are social solidarity and social cohesion. What does the notion of social solidarity mean in the context of intergenerational poverty, long-term unemployment and jobless growth, and limited possibilities of cross-subsidization across the public-private sectors, given shrinking revenue bases and ineffective tax regimes. In any national context, however, social protection interventions cover a broad range of potential policy instruments requiring careful examination of financing options, tax incentives and the dedication or earmarking of specific revenue. The principles underlying the options must cohere with effective achievement of the policy under consideration.

Issues of equity and distribution of goods and services tend to be relegated to what is affordable rather than how specific social policy interventions aimed at equity can promote human development.

The principles of consumer protection, legitimacy of the social protection environments, as well as those of reducing poverty and social inequality, pose continuing challenges in the context of globalization.

Yet, vexing problems are posed by the need to ensure financial and institutional sustainability in the context of economic uncertainty and social fragmentation. Risk pooling, managing and reducing vulnerability becomes difficult when govern-

ment is the largest employer, as in many African countries, and when debt servicing constitutes more than 40 per cent of the national budget.

REGIONAL RESPONSES TO SOCIAL PROTECTION IMPERATIVES

Despite the many challenges, a Social Charter of Fundamental Rights in the SADC has been drafted and will be negotiated (SADC, 2000). The Charter refers to the SADC Treaty, and some of its main objectives provide a basis for social protection. Notable in this is the objective to achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the peoples of southern Africa and support the socially disadvantaged through SADC regional integration.

Such an objective can only be reached by developing viable social protection measures and structures throughout the region. Regional collaboration is essential to achieve consensus on the principles and values that inform measures to support worker mobility, rights and conditions across countries. While the unrestricted movement of people across national borders increases, there is a definite need to ensure they have access to basic health care, social services, and other provisions if they are in poverty or at risk of falling into deeper poverty due to shocks or contingencies. Work on designing a floor of minimum social protection measures must include governmental as well as nongovernmental and private sector stakeholders. The question is whether regional collaboration to define and agree on issues of social protection can succeed when at the national level the policy interventions and program measures for social protection are very limited and uneven.

STATUS OF NATIONAL MEASURES FOR SOCIAL PROTECTION

In order to deal with the issues and gaps in existing institutional arrangements, it is necessary to have an overview of the status of social protection measures in countries of the southern Africa region. The following section draws on information in a recent research paper (van Rensburg, 2001). Little or no information is available for social protection in Angola, Mozambique and the Democratic Republic of Congo.

Botswana

Social security in Botswana is relatively undeveloped, and emphasis has been placed on meeting basic needs by providing adequate social service infrastructure. While the share of urban population grew from 18 percent in 1981 to 46 percent in 1991, the majority of people continue to live, work and grow old in rural settings and rely heavily on the extended family to care for those in need. HIV/AIDS has a drastic impact and has severely strained the public health sector.

Less than half the formal sector workers receive old age or disability pensions, and even fewer receive benefits for sur-

viving family members. The government recently established an old age pension for everyone aged 65 and up. Previously, old-age benefits were limited to employees in the public sector and a few private companies with occupational pension schemes. Public sector pensions cover central and local government employees whose service is so-called "permanent and pensionable". The government pension scheme is set at 1.67 percent of final earnings for each year of pensionable service, payable as early as the age of 45, but compulsory at 60.

Kenya

Old age, disability and survivor benefits are provided under a provident fund system, with benefits paid only in lump sums. Only employed persons are covered, and casual workers are excluded. For public employees a special pension system exists. Protection for sickness and maternity is governed by legislation passed in 1966. The programme entails a social insurance system for hospital benefits only.

Lesotho

Without an adequate national social security scheme, Lesotho has sought to arrange for its former migrant workers in South Africa to receive South African old-age and disability pensions since during their active years they contributed to South Africa's revenue base through income and value-added sales tax. Long-term migrant workers with permanent residence in South Africa have benefitted from its social assistance. Lesotho has also made use of South African workers' compensation for occupational injuries and diseases, including migrant Basotho workers who were injured in South African mines and have returned home. Lesotho is also now designing its own social security scheme to cover old age, invalidity, death and maternity.

Malawi

Historically the government has provided only a few social services for its citizens. A special system of social protection benefits public employees only. Sickness and maternity benefits are also very restricted; some medical services are available free to the population in government health centres and hospitals. The Workers' Compensation Scheme for victims of employment injury makes employers liable for paying compensation to injured workers.

Poverty alleviation remains the central focus of the government's development programmes. Malawi has been chronically food insecure for the past 3-5 years; most households are unable to produce enough food to meet their subsistence requirements due to the effects of drought, floods and other factors in some areas. A Safety Net Intervention has been initiated to provide relief to vulnerable households and assist people to move out of poverty; it focuses on food security and combines government and donor involvement.

Mauritius

The social security scheme has generally succeeded under different adjustment programmes. Employment has increased, and per capita income has improved drastically. The government has continued to offer free education and health services and even subsidized food to the population. Other provisions include old-age, disability and death benefits through a universal social insurance system. The pension system benefits all residents. Earnings-related pensions accrue to all employees. Means-tested benefits are provided to heads of household under age 60 after a period of 30 days of registered unemployment. Poor families with three or more children are also entitled to certain family allowances as part of the social assistance system.

Namibia

The 1994 and 1998 social security legislation provides for payment to employees of maternity and sick leave and benefits for work injury, death, invalidity, funeral and survivors. It also set up a National Pension Fund with contributory arrangements. Regular employees as well as domestic and casual workers contribute toward social security, except for workers under 16 and over 65 years and the self-employed. Employment injury benefits are financed entirely by employers. Retirement benefits are payable to workers 60 and over who have worked and contributed to social security for at least 15 years, and are retired or have only minimal earnings. The 1998 Act also authorized a medical aid scheme which has not yet been developed and a Development Fund to create jobs for socioeconomically disadvantaged individuals and provide loans for higher education.

The Ministries of Labour and Health and Social Services have formulated a National Code on HIV/AIDS and Employment.

Seychelles

The 1987 Social Security Act covers old-age, disability and death benefits for employees, the self-employed and the unemployed. The pension scheme includes all full-time workers (with 25 or more working hours per week), with an option for part-time workers and the unemployed to join voluntarily. There is also a survivor pension. Sickness and maternity benefits are extended to employed and self-employed persons, with no minimum qualifying period.

Swaziland

Social security measures are still in the formative stages. The Swaziland National Provident Fund was set up in 1974 as a savings scheme to provide benefits for employed persons who retire in old age or disability. All employers in the private, agricultural and industrial sector are obliged to contribute to the fund, with employees contributing half the total amount. Public service employees with more than 10 years of service are eligible for pensions. Other measures in

place include private pension plans; private life insurance schemes; means-tested targeted relief to needy people, young and old, provided by the Ministry of Health and Social Welfare; and social welfare services to people with disabilities and other special needs, typically provided with the assistance of voluntary welfare organizations. Workmen's compensation, introduced in 1983, is based on employer liability for compensation in the event of injury, occupational-related disease, permanent disablement, temporary total or partial incapacity, and death.

Tanzania

With an economy largely based on agriculture, social insurance arrangements are limited. A provident fund covers old age, disability and survivors, providing lump-sum benefits; it extends to all employed persons in the public and private sectors, except domestic employees. For sickness and maternity, subsidized medical care is available in government clinics and hospitals.

Employers must pay the whole cost of private insurance to compensate all employees for work injuries. Temporary disability is compensated for up to 96 months at 50 percent of total earnings. For total disability, a lump sum of 54 months' earnings is payable up to a maximum. A proportionate percentage is paid for partial disability. Dependants of a deceased worker are entitled to a lump sum of 41 months' earnings, less any disability benefits paid.

The statutory social security scheme in Tanzania includes five elements: 1) A Government Pension Scheme covering civil servants which is noncontributory and funded from the Treasury; 2) A Local Authority Provident Fund for employees from District, Town, Municipal and City Councils, which receives both employer and employee contributions; 3) A Parastatal Pensions Fund covers all employees in the parastatal sector, which is contributory; 4) A National Social Security Fund, established in 1997, is the largest social security fund. It mainly covers private parastatal sector employees who do not fall under any other schemes; and 5) The National Insurance Corporation occupational and endowment scheme provides cover for individual schemes.

Private social security arrangements are of three types. Rotating Savings and Credit groups are mainly in urban communities, and have rudimentary structures based on mutual agreements. Saving Cooperatives are based on members' contributions and lend money to members for contingencies, like children's tuition and care. Social security schemes established by NGOs and self-help cooperatives provide benefits to a small part of the population.

Tanzania has a national AIDS Control Programme, coordinated by the Health Ministry, which requires workers to set up AIDS Committees to promote workplace intervention.

Zambia

The Zambian economy is dominated by the mining sector, which accounts for over 90 percent of export earnings and the greatest part of government revenue. A recent comprehensive economic reform involves privatization of various state enterprises and economic liberalization. These measures have significantly changed production processes, with downsizing and retrenchments leading to unemployment.

Since 1966 the Zambia National Provident Fund has been the largest scheme for old-age protection, covering about 270,000 employees in the private and parastatal sectors, including agricultural workers, domestic servants in urban areas, and apprentices. Casual workers, the self-employed and workers in cooperatives are excluded. Insured persons contribute 3.5 percent of earnings, and employers contribute 3.5 percent of their payroll. Retirement benefits can begin at the age of 50. The provident fund also pays maternity benefits to employed women.

Disability payments are made in cases of permanent physical or mental incapacity for any work. A survivor benefit is also payable in case of the death of an insured worker. Old-age benefits equal the total of the employee's and employer's contributions plus accrued interest, and may be paid in a lump sum, as an annuity or in instalments, at the member's option.

The Zambian Compensation Fund protects in case of work injury to all private and public sector employees except permanent civil servants, teachers, police and the armed forces. Casual workers are covered by workers' compensation only if hired to do work in the employer's trade or business. Employers are responsible for the whole cost through fixed annual contributions.

Social protection in inadequate for such contingencies as retrenchments/redundancies, disabilities, retirement and unemployment, and for informal sector employment.

To improve social security delivery, the government has transformed the Zambia National Provident Fund (ZNPF) into a National Pension Scheme Authority (NAPSA); plans to merge the Pneumoconiosis Compensation Board and the Workers' Compensation Fund Control Board; and created private pension schemes for people in specific industries, such as mines and insurance companies, to operate side by side with compulsory social security schemes.

The government also has a National Poverty Reduction Plan aimed at reducing the share of the population living in poverty to 50 percent by 2004 through rural development, increased infrastructure investment, human resource development and targeted antipoverty programmes.

Zimbabwe

Zimbabwe does not have a comprehensive social security system, but rather a number of fragmented schemes under separate laws for workers compensation,

the Pension and Provident Fund, state service disability benefits, welfare assistance, and war victims compensation.

TRANSFORMATION OF SOUTH AFRICA'S SOCIAL SECURITY SYSTEM

South Africa, relative to other countries in the region, has an established social security system. It includes both social insurance and social assistance covering typical risks, vulnerabilities and contingencies of certain sectors of the population. However, given the historic exclusion of the black majority from socioeconomic activity, the current system is inadequate. High levels of protection go to high-income earners who in the main are white. The democratically elected government of 1994 has introduced wide-ranging social policy reforms and initiatives, including a focus on basic needs, human resource development, and transforming the state sector.

A Committee of Enquiry into Comprehensive Social Security began its work in May 2000, and some of its initial findings are reflected below. South Africa has for some time been operating without an explicit concept and policy framework for social security, and the policy and institutional framework cannot cope with the new demands placed on it.

First, there are significant gaps and structural flaws in the current system. For example, the child-support grant covers children up to age seven; the disabled are not adequately serviced; there is no effective safety net for poor and unemployed people. Existing coverage is fragmented and the private and public sectors do not offer comprehensive protection. Although many privately offered protections for health care, retirement, and death and disability exist, protection does not conform to any minimum standard and is in many instances subject to discretionary decisions by employers and insurance companies.

Second, many instruments of social protection were originally designed under a different constitution, aiming at protection of white citizens and workers. What are the implications of the new constitution in terms of coverage as well as affordability?

Third, the role of the private sector in social protection needs study. There are problems of uncertain protection, very costly coverage, inefficient risk-sharing opportunities, abusive treatment and poor advice to consumers, and weak response to the needs of low-income and informal sector workers and their families — more than 10 to 15 million people.

Fourth, another largely unaddressed issue is the impact of AIDS on the labour force, medical costs, the number of orphans, disability, retirement funds, and the discriminatory practices of some medical schemes.

There is little social security value in an environment where protections are subject to unilateral abdication without reference to wider social considerations. This does not imply that private provision should not exist, but rather that its role be clarified and integrated into a consistent overall social security framework.

The problems with South Africa's social security system run deep (Naidoo, 1999). No explicit view of the concept of social security exists at present. Constitutional, legal, institutional and administrative coherence is lacking across government in social security provision. There are problems in the tax structure both for funding public benefits and for encouraging private schemes via tax incentives. There are difficulties in the national-provincial division of revenue and priorities for the allocation of resources for social grants, and the capacity of provinces to manage the existing system is inadequate. In both government and private schemes, liaison and interaction with the served public is not well handled.

The limited nature of publicly provided benefits means that social security costs are in most instances passed on to employers. An unfortunate consequence is increased nonwage costs for the economy. This perceived cost acts as a disincentive for direct employment of regular workers. Increased indirect employment and stagnation of permanent jobs are partly the result of employers trying to avoid these costs.

The growth of employer-linked benefits necessarily excludes a significant share of the population — the unemployed, informally employed and many temporary workers. This forces nonwage costs to be higher still, since workers require higher wages to support many unemployed dependant persons (with no benefits) in their households.

Private-provision-to-some contributes to escalating costs of services. South Africa spends around 9 percent of GDP on health, while the World Health Organization regards 5 percent of GDP as sufficient. These high expenditures arise because two-thirds of health spending goes towards the private health sector, which serves only 20 percent of the population. Reduced public provision has effectively driven up overall health costs and the cost of employment; medical scheme costs are up by over 450 percent per capita in real terms since 1982. Profit-driven provision is accompanied by a removal of many cross-subsidies to those unable to afford services within the monetized portion of the economy.

According to recent studies, 45 per cent of the population live below the poverty line. The majority of the poor live in the rural areas, are women and children, and have little or no means of accessing basic social services. Demands on social services are increasing, given long-term structural unemployment, increasing job losses, lack of job creation at the lower skill levels and increasing informal and atypical work. Because of the way the social security system is currently structured, most of those who are excluded and marginalized happen to be poor, the ultra poor, and the historically disadvantaged. These realities increase pressure on the existing formal social security mechanisms in the country, as well as on existing informal support and survival strategies in poor communities.

The issue of social security in South Africa has gained new momentum since the new Constitution. It grants everyone the right of access to social security, as well as to appropriate social assistance when they are unable to support themselves and their dependants. The Constitution compels government to take "reasonable legislative and other measures within its available resources, to achieve the progressive realization" of the right to social security given in its Bill of Rights. A recent constitutional court judgement stressed the duty of government to act to ameliorate the plight of the large number of South Africans who live in deplorable conditions.

The development of a comprehensive social security system is a major priority for the government in redressing the apartheid legacy of inequity, inefficiency and mass poverty. It should deal with income poverty, asset development and food security as well as other measures — such as health care, education, capacity building — to improve poor people's capabilities to survive and develop. It would have to address the issue of what minimum package of goods, services and benefits is necessary for the participation and advancement of the majority, which has been excluded from mainstream society.

Objectives

A number of far-reaching basic objectives are considered essential in the reform of social security. The objectives would include:

- Prevention of very low standards of living
- Protection against significant negative changes in living standards
- Protection for those who suffer from chronic deprivation
- Protection for those who face temporary adversity
- Protection for those who face social exclusion
- Action on the fundamental causes of exclusion (gender, race)
- Action on issues of reparation
- Alleviation of poverty
- Reduction of inequality.

Policy areas

The comprehensive review process currently under way in the Committee of Enquiry is examining six key policy issues:

- Redefinition and expansion of the current system of social assistance grants as a means of removing poverty and dealing with problems related to HIV/AIDS;
- The viability of a 'basic income grant', including its financial and social implications;
- Phasing of the implementation of universal cover and protection in health and retirement;
- The future place of existing social insurance funds in the social security system;
- Ways of incorporating the informal sector into a system of social security protection;
- Alternative means of dealing with

social exclusion resulting from loss of employment.

Types of provisions

The social security system would include both public schemes (government non-contributory) and private (contributory) arrangements. It would provide both social assistance — old-age pensions, child support, disability grants, foster care, etc. — and social insurance for such needs as health care and unemployment. The provisions would be designed to achieve protection for the entire population in accordance with the constitutional imperative, including both formal and informal sector workers.

Structure of the review process

Apart from the central issue of the concept of social security, the three areas relating to the legal framework, the financial framework and the institutional requirements are also under investigation, since they are of fundamental importance to policy reform. In addition, wide-ranging consultations have taken place with all the stakeholders in the public, private and community sectors through public hearings. The review is supported by significant policy research and comparative analysis with international experience.

CONCLUSION

Variations within each national context and the significant problems related to social, economic and political processes have to a large extent determined the types of social protection systems that are in place. Encouraging steps are under way in the region to develop regional protocols for social protection, as evident in appendix 1. Despite these steps, at national levels much more needs to be done. Critical challenges remain the manner in which economic liberalization programmes, political processes at national, regional and global levels and human development imperatives are able to converge in the interests of the poorest.

The negative impacts of economic structural adjustment programmes have resulted in complex problems for countries, including increasing poverty and social alienation. Inequalities are exemplified by the extent to which most of the social security schemes across southern Africa tend to focus on people who are employed in the formal sector. Coverage of the poorest members of society tends to be limited to small-scale targeted interventions that respond to symptomatic rather than structural problems.

The benefits paid by many schemes are inadequate to meet basic needs. In the case of noncontributory schemes, a heavy reliance on general tax revenues strains government financing, keeping benefits at low levels in most countries. Moreover, social welfare schemes (or noncontributory public schemes) are still in an embryonic stage.

Moreover, the relationship between the state and market in terms of social policy objectives needs to be debated within the context of globalization. At

Appendix 1—SOCIAL SECURITY SCHEMES IN SOUTHERN AFRICA: A COMPARATIVE ASSESSMENT

Type of Scheme	Contingencies	Bot	Les	Mal	Mau	Moz	Nam	RSA	Swa	Tan	Zam	Zim
Mandatory savings schemes (mainly by way of National Provident Funds)	Old age								X	X	X	
	Disability								X	X	X	
	Death								X	X	X	
Noncontributory schemes	Old age	X			X		X	X				
	Disability				X		X	X				
	Widowhood				X							
	Orphanhood/ Children				X			X				
	War veterans	X					X	X				
Social insurance	Old age				X	X				X		X
	Disability				X	X				X		X
	Survivorship/Death				X	X	X MSD	X UIF		X		X
	Sickness					X	X MSD	X UIF				
	Unemployment							X UIF				
	Maternity						X MSD	X UIF				
	Adoption							X UIF				

national and regional levels consensus has to be reached on what should constitute a minimum package of social provision to enable the poorest to participate in all spheres of society and to advance. In addition, while economic growth is essential for social development, in and of itself it does not reduce poverty or promote human development. For sustained economic development, political commitment is required to ensure that social protection mechanisms can play a mediating role between the policy objectives of equity and growth. □

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Northern Input for South-South Dialogue on Social Policy?

by BOB DEACON

Does recent debate and experience in the north have relevance for a south-south dialogue on the impact of globalization upon social policy? What evidence can be shared about privatization of social provisions and adoption of safety-net-only social policies, and about contrasting policies for universal and equitable social coverage? Some findings are emerging from the Globalism and Social Policy Programme (GASPP), an Anglo-Finnish endeavor directed by Bob Deacon. He also edits its journal, Global Social Policy, *and is the author of* Global Social Policy: International Organizations and the Future of Welfare.

INTRODUCTION

It is with some humility that I draft this chapter designed to inform a much-needed south-south dialogue on globalization and social policy. I do so, however, because I believe that what we have learned during the past few years in the north concerning the relationship between globalization and social policy does have important implications for southern discourse. I also do so knowing that the words and policy prescriptions of northern social reformists seeking to reinject equity into national and international policy are regarded with some suspicion in the south. Some see the words as a mask for social protectionists trying to defend northern welfare states which were made possible in part by the exploitation of the imperial epoch.

Others consider these words as yet more western hypocritical moralizing, using the call for global social standards to exclude countries from the benefits of global trade. These suspicions are often justified. My position is a simple one. I believe, as I have for over 30 years, in the moral case for trying to achieve more rather than less social equality between people both within and across borders. I believe that in the present period such a struggle must take place on a global stage.

What I have to say below is largely derived from the results of the five-year Anglo-Finnish GASPP Project, which was set up specifically to examine the relationship between globalization and social policy (www.stakes.fi/gassp).

DEFINITIONS OF GLOBALIZATION

I think some initial clarification is required about what we mean by both globalization and social policy. Scholte (2000) has correctly argued that "due to irreconcilable definitions many globalization debates are stalemated from the outset....Globalization has been defined as ... internationalization, liberalization, universalization, modernization, westernization, deterritorialization." Scholte prefers the last definition, saying that "social space is no longer mapped in terms of territorial space". Rather similarly, Therborn (2000) has defined globalization as "tendencies to a worldwide reach, impact, or connectedness of social phenomena or to a world-encompassing awareness among social actors."

It is important, I think, to make distinctions between:

- the empirical social fact that the world is increasingly interconnected, and the form that globalization takes, which is a matter of political choice;
- the economics and the politics of globalization.

To some extent, governments have to deal with the economic facts by — for example — positioning their country to take advantage of a global economy. However, the politics of globalization is entirely a matter of choice — for example, between the existence or absence of international labour standards.

The issue is not globalization, but its neoliberal character.

The global controversy created by globalization (Seattle, Prague, Davos) is not largely because of the shrinking of time and space that technological and other changes have facilitated. Rather, it is largely because of the form globalization has taken in the 1980s and early 1990s, and the fact that it has been driven politically by a faith in unregulated markets and trade. It is the neoliberal character of globalization that is the issue.

THE SCOPE OF SOCIAL POLICY

Under one approach, social policy can be regarded as interventions by governments and other actors (at national and supra-

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national levels) in the free play of market forces in order to:

- **redistribute** resources from those who have more to those with less;
- **regulate** the economy in ways which enhance its social purpose; and
- achieve social **rights** and meet people's needs for socioeconomic security, education and health, by either providing direct services or ensuring access to services provided by others.

At the same time, promulgation of the concept of social rights by governments, regional or international organizations empowers citizens to demand that governments adopt social policies to realize these rights in practice.

Another approach is to regard social policy as measures taken to prevent or ameliorate social risks, or enable people to cope with them. People at risk include the unemployed, the very young and the elderly, and people with illness or infirmity.

The first approach emphasizes revenue raising and redistribution and hence implicitly sees a greater role for governments. The second approach places emphasis on risk management and hence implicitly provides a greater role for markets. To an extent, some UN agencies tend to favor the first approach (UNRISD, 2000, Mkandawire and Rodriguez, 2000), while the Bretton Woods organizations tend to the second (Holzmann and Jorgenson, 2000). Actual social policies adopted by governments and regional groups to achieve these aims vary considerably in both north and south and depend in part on the level of economic development and the mobilization of social pressures for such policies. Economic growth *and* politics shape social policy.

DOES GLOBALIZATION THREATEN SOCIAL WELFARE?

A key question for us is whether, as is often presumed, the globalization process influences or indeed determines for countries what their social policies are. Does globalization limit the social policy choices available to governments in the north and the south?

In general terms, I have argued elsewhere (Deacon 1997, 1999) that globalization:

- **Sets welfare states in competition with each other.** This raises the spectre but not necessity of a race to the welfare bottom. It raises the question as to what type of social policy best suits competitiveness without undermining social solidarity.
- **Brings new players into the making of social policy.** International organizations such as the International Monetary Fund, World Bank, World Trade Organization (WTO) and UN agencies such as International Labour Organization (ILO), World Health Organization (WHO), etc., have become involved in prescribing or helping to shape country policy. Also rele-

vant are regional organizations such as MERCOSUR, ASEAN, SADC, etc. International non-governmental organizations have substituted for government in this context.

- **Generates a global discourse about best social policy.** Because supra-national actors have become involved, the traditional within-country politics of welfare has taken on a global dimension, with a struggle of ideas being waged within and between international organizations as to desirable social policy.
- **Creates a global private market in social provision.** Increased free trade has created the possibility of mainly US and European private health care and hospital providers, education providers, social care agencies and social insurance companies benefiting from an international middle class market in private social provision.

In the north, some experiences show that redistributive social policy is sustainable in the face of global competition.

When we began the GASPP project, there was a worry among those concerned with social equity that the neoliberal character of globalization would determine that social policy took on a neoliberal character too (Deacon, 1997; Mishra, 1999). These fears have been partly allayed. In terms of the actual impact of economic globalization upon social policy, a new scholarly consensus is emerging which argues and demonstrates that:

- Globalization does not necessarily have to lead to the residualization and privatization of social provision. In the north, there are arguments and experiences that show that redistributive social policy with high levels of income taxation and high levels of public health, education and social security are sustainable in the face of global competition. In a comparative survey of Anglo-Saxon (e.g. UK), Conservative Corporatist (e.g. Germany) and Social Democratic (e.g. Sweden) welfare states, both the neoliberal and social democratic approaches remained competitive. The neoliberal approach of course risked creating increased inequity. The most challenged were work-based welfare states funded on the basis of labour taxes. So long as revenue for social provision was raised from citizens rather than capital, high-level universal social provision is sustainable (Sykes et al, 2000).
- At the same time the fears of social dumping in the south have been shown to be exaggerated (Alber and Standing, 2000). Moreover, evidence from a recent

global survey of the impact of globalization upon economies has shown that some governments in the south have chosen to increase their social spending during liberalization (Taylor, 2000).

- Moreover, it is now recognized internationally, including in OECD reports, that globalization and openness of economies generates the need for more, not less, attention to social protection measures.
- A response to globalization in some middle-income countries has indeed been to create universalistic forms of social policy. A good example is Korea (Huck-Ju Kwon, 2001).
- Some social policies adopted in Latin America and elsewhere in the heyday of the Washington neoliberal consensus, such as the full privatization of pension schemes, are now being shown by comparative policy analysts to have questionable net savings and other effects (Mesa-Lago, 2000, and Huber and Stephens, 2000). Mesa-Lago shows that neither old-fashioned state socialism (Cuba) nor new-fashioned neoliberalism (Chile), but socially regulated capitalism (Costa Rica) does best economically and socially. This echoes the seminal work of Doyal and Gough (1991).

Despite this reassuring evidence, I have argued that certain tendencies in the globalization process and certain policy positions adopted by international organizations still give cause for concern (Deacon, 2000). I examine these below.

THE CHALLENGE TO EQUITY

Today we are not confronted by a global neoliberal Washington consensus where belief in unregulated market reigns supreme. The dominant global discourse has shifted from a socially irresponsible neoliberal globalization to one that expresses concern about global poverty. A "socially responsible" globalization discourse and practice has replaced the earlier one. It has had to because of the global social movements against the neoliberal form of globalization. This new consensus is not truly global. Many social movements in the south would not subscribe to it. The question is whether to launch a south-south dialogue that would counter this largely northern-shaped discourse and place greater emphasis on equity and north-south transfers.

The new consensus among northern donor agencies and major international organizations consists of the following elements (Deacon, 2000):

- Global macroeconomic management needs to address the social consequences of globalization.
- A set of social rights and entitlements to which global citizens might aspire can be fashioned based on UN conventions.
- International development cooperation will focus aid on meeting basic social needs.

- Debt relief should be speeded up so long as the funds are used to alleviate poverty.
- The globalization of trade generates the need for the globalization of labour and social standards.
- Good governments are an essential ingredient in encouraging socially responsible development.

However, there are a number of disagreements as to how to proceed with this new orientation:

- Much of the south is understandably suspicious of even progressive social conditionality.
- It is far from clear how both world trade and world labour standards can coexist without the standards being reduced to a minimum core or used for protectionist purposes.
- Initiatives to empower the UN with global revenue-raising powers which fund global social rights are firmly resisted by some.

My concern with this emerging consensus is that, despite the apparent shift from global neoliberalism to global social responsibility, four tendencies coexist within the new global paradigm. If allowed to be pursued, they will still undermine an equitable approach to social policy and social development. These tendencies are:

- The World Bank's continuing belief that governments should only provide minimal or basic levels of social services and social protection.
- The OECD Development Assistance Committee's concern (subscribed to in Geneva 2000 by the UN as well as the Bank and IMF) to fund only basic education and health care with its new international development targets.
- The international NGOs' continuing self-interest in winning donor contracts to substitute for government social services.
- The moves being made within the WTO to speed the global market in private health, social care, education and insurance services

My concern is what happens when the state provides only minimum and basic health and social protection services. Increasingly, private services for social security, secondary and tertiary education and hospital level medical care are offered on a cross-border basis or by foreign investors. Middle classes in developing and transition economies will be enticed into buying these services, and the result is predictable. We know that services for the poor are poor services. Developed countries that do not have universal public health and education provisions at all levels are not only more unequal but also

Are there signs of a shift in the global discourse leading to a reassertion of the politics of equity?

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more unsafe and crime ridden. Unless the middle class is also catered for by state provision, good quality social provision cannot be sustained. This is the prospect for many countries that buy into this new development paradigm.

Are there signs of a shift in the global discourse leading to a reassertion of the politics of equity? A number of global initiatives aim at reestablishing the case for equitable social policy approaches and ways of implementing them in southern countries. Among them are:

- A new research programme on Social Policy in a Development Context, carried out by the UN Research Institute for Social Development (UNRISD). Its stated objective is to "move (thinking) away from social policy as a safety net ... towards a conception of active social policy as a powerful instrument for development working in tandem with economic policy". Led by Thandika Mkandawire, this programme held a Swedish-funded inaugural conference in October 2000, where social policy scholars from most regions of the world were present. (See www.unrisd.org).
- The rethinking presently being undertaken within the ILO concerning the sustainability of its traditional labourist approach to social protection. In particular, the ILO work program on Socio-Economic Security in Focus is searching for new forms of universalist social protection to complement the very limited coverage in the south of work-based social security schemes. Good practices being revealed within this programme could inform southern social policymaking (www.ilo.org/ses).
- Ongoing activities of several UN agencies support this more equitable approach. This includes the UN Commission on Human Rights with its increasing focus on the convention on Economic, Cultural and Social Rights; UNICEF's continuing work on Basic Services for All; UNESCO follow-up activities after its conference on Education for All in 2000; UN secretariat work on the codification of UN social policy; the focus on social protection in the 2000-2001 work programme of the UN Commission for Social Development; and the work programme leading to the high-level meeting on Finance for Development in 2002.

An important milestone in articulating UN social policy is the report of the UN Secretary-General on "Enhancing social protection and reducing vulnerability in a globalizing world" (E/CN.5/2001/2). This first comprehensive UN statement on social protection was prepared for the February 2001 UN Commission for Social Development. Its main argument is that social protection

measures serve both an equity-enhancing and an investment function, and need to be a high priority of governments and regional groups. It defines social protection broadly to include not only cash transfers but also health and housing protection. It accepts that unregulated globalization is increasing inequity within and between countries. It argues that social protection "should not (serve only) as a residual function of assuring the welfare of the poorest but as a foundation..for promoting social justice and social cohesion" (para 16). It argues that if equity is the goal, then "tax-funded social transfers are highly effective if the fiscal situation permits" (paras. 89 and 95k). While being rather vague on the nature of a public-private welfare mix in provision, it does point out that 'insurance markets are difficult to operate effectively' (para 95c). Some deficiencies in what the report has to say about advancing these ideas within the global discourse are discussed later.

Social protection measures serve both an equity-enhancing and an investment function.

So, there is cautious room for optimism by those concerned with reasserting equitable social policy at a national level.

There are real obstacles to forging a north-south agreement on a global approach to national social policy which goes beyond safety nets. An impasse now seems to have been reached concerning the desirable social policies to be implemented in an era of globalization. Some northern-based initiatives for global social reform have been seeking to modify the free play of global market forces with appropriate global social policies of international regulation. However, they have met with understandable but frustrating opposition from many southern governments and some southern-based NGOs and social movements. For example, a proposal for a set of social policy principles was rejected at the Geneva 2000 conference, on two grounds: they might become a new conditionality imposed by the North, and no money was forthcoming from the richer countries to help implement such principles. Discussion at the UN Commission on Social Development in February 2001 on the Secretary-General's paper described above did not make much headway, as the G77 wished to link the issue with wider global processes (Langmore, 2002). Moves beyond this impasse seem to require two changes. One is greater commitment by the north to international resource transfers to pay

It is time for the south to review its own best practices in social policy and to develop and take ownership of social policy principles or standards.

for global public goods such as basic universal education (Kaul, 1999). The other is for the south to review best practices in social policy in the south, and then develop for itself and take ownership of social policy principles or standards which result from the review.

A SOUTH-SOUTH DIALOGUE NEED NOT START FROM SCRATCH

There is already a considerable body of knowledge about what policies in the south contribute most to sound human development. In addition, I believe that such a dialogue can and should learn from northern debates and experiences. To oversimplify:

- Neoliberal globalization does not mean countries have to adopt neoliberal social policies.
- Commitment to equitable social welfare and to economic efficiency and competitiveness are compatible.
- Social provision (education, health and social care, social protection) provided by the market works for some at the cost of equity.
- Social provision based on workplace entitlements used to work for some at the price of the exclusion of others. It is increasingly ill-advised as a strategy for welfare.
- Social provision based on citizenship or residence entitlement is the surest way of maximizing social inclusion and equity.
- Social policy in a globalized era requires not only national social policy but also regional and global social policy. Regulations at EU, MERCOSUR, ASEAN, SADC and at the global level are needed to ensure the sound operation and equitable outcomes of the international market in labour, health, education and social care.

In both north and south, we already know a lot about which policies are more effective at achieving equitable social outcomes and sound human development (e.g., Doyal and Gough, 1991, Esping-Andersen, 1990, Huber and Stephens, 2000, Mesa-Lago, 2000, Mehrotra and Jolly, 1997, UNDP, 1999). One review analyzed positive experience from combining economic growth with conscious social development in ten countries in Africa, Asia and Latin America (Botswana, Mauritius, Zimbabwe, the Indian state of Kerala, Sri Lanka, the Republic of Korea, Malaysia, Barbados, Costa Rica and Cuba). This review by Chen and Desai (1997:432) concluded that "the key ingredients to successful social development appear to be responsive governance, socially friendly economic policies, and the universal provisioning of social services. In all these endeavours the role of government is central."

These findings and examples of good practice have been reinforced in a recent UNRISD collection edited by Dharam Ghai (2000). Some best-practice countries and policies identified in this research and comparative evaluation include:

- Korea's extension of labour-based benefits to a wider population by increasing government outlays for social expenditure from 5 to 7.8 per cent of GDP, between 1980 and 1997.
- The tradition in India's Kerala state of sustained public expenditure despite globalization.
- Malaysia's more restrictive approach to globalization.
- Singapore's investment in human capital and job creation.
- Pension reform in Uruguay and Costa Rica without full privatization.
- Brazil's experiments with a minimum income approach to socio-economic security.
- Colombia, which broadened its tax base in the face of globalization.
- Argentina's state-subsidized employment programme in health and education, which enabled female workers to get jobs.
- Mauritius and Botswana, which introduced universal pension entitlements.

WHAT IS DIFFERENT ABOUT SOCIAL POLICY IN THE SOUTH?

Some readers from the south will think that this is all very well, but that the analysis and prescriptions are still based on northern experience with welfare. Is southern experience so different that no policy transfers from north to south are worth considering? Clearly there are differences, including the facts that:

- 1. Coverage by formal social protection schemes in many countries is tiny.
- 2. Families and community networks contribute a large measure to individual social protection.
- 3. Basic land reform and redistribution of assets has not begun in some places; entrenched elites have not yet perceived that their interests might also be served in the long term by a different approach.
- 4. The fiscal capacity of many states has been severely hampered by globalization.
- 5. Western concerns with state-based rights and equity are not easily transferable to a Confucian-influenced southeast Asian discourse or a traditional African village practice of extended familial duties.
- 6. The Islamic practice of Zakat embraces the notion of redistribution, but within a framework of obligations that may not extend to those who are not Muslim.
- 7. Some governments perceive their countries' short-term interests being served by entering the unregulated global market on the basis of the comparative advantage of the absence of 'expensive' social protection measures.

All of these factors and more would need to be taken into account in a south-south dialogue. This would result

in us giving more emphasis to new forms of universalism outside the work-based systems of social protection. It would involve us articulating ways in which governments can support familial forms of welfare etc.

It is, in my view, unhelpful to exaggerate these differences. There are interesting lessons from one of the most developed parts of the 'south' — east and southeast Asia. The path of social welfare development may be somewhat different from Europe, with more focus on regulating compulsory private provident funds, rather than actual state provisions. However, taken overall, these emerging welfare states are ahead of Europe when you compare the time when legislation was enacted for risk contingencies with the level of the development of the economy (Kuhlne S. *et al*, 2000). Morover, they now face the same issue as Europe regarding the sustainability of pension provisions (Gough, 2001). In its reform of the workplace welfare state, China is addressing the same question as Germany or France — whether to move to individual unpooled private pension funds or to a resident-based (within cities at least) pooled public pension scheme.

THE BROADER INTERNATIONAL DIALOGUE

I want to conclude with a plea. It is appropriate for countries in the south to learn from each other about how to shape national social policy that might best facilitate social inclusion. However, I think something would be lost if we do not also seek to feed back the lessons learned into the global discourse on these questions. So far, northern dominated international organizations have shaped global discourse about desirable social policy, with the most dominant player — the World Bank — apparently continuing to win the intellectual argument by virtue of its selling power. The opportunity now exists to rebalance this international social policy thinking by means of a southern world lead approach with the support of the G77, and by a UNDP lead approach based on technical cooperation among developing countries (TCDC).

As illustrated earlier, such rethinking is already underway in the UNRISD, the ILO Socio-Economic Security program, the UN secretariat's Department of Economic and Social Affairs, and the UN Commission for Social Development. Despite these indications of new thinking, it is by no means clear that the UN at the highest levels has understood that a global argument continues about how to secure greater global justice — an argument which has major intellectual, moral and strategic dimensions. Too much deference is still given to the World Bank's technicians. There is not enough facing up to the need for global revenues. It is to be hoped that UNDP's TCDC programme not only ends up drawing social policy lessons for countries, but also addresses these debates at the highest intergovernmental level.

I am moved to make these remarks by

some problems I see in the UN Secretary-General's report on Social Protection referred to earlier. In its section F, the report reviews the social protection programmes of the UN specialized agencies and covers the World Bank's very particular contribution with little comment. The report goes on to call for

TCDC should be used to draw social policy lessons not only for countries but also for debates at the highest intergovernmental level.

"international agencies and multilaterals to co-ordinate their efforts and avoid duplication" through the Administrative Committee for Co-ordination (paragraph 98a). We need this, for sure, but it is not enough. I am in favour of the UN through a reformed Economic and Social Council exerting global authority in the management of the economic and social dimensions of globalization. Two steps are needed: (a) a major intellectual challenge to what is left of the damaging neoliberal orthodoxy still lurking in the World Bank; and (b) a totally new approach to global funding of global social protection within which new international taxation would play a part. The issue is not co-ordination, but power and resources. □

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Eradicating Poverty by BUILDING a Welfare Society

FINLAND AS A CASE STUDY

by HILKKA PIETILÄ

Does a country first have to become rich before it can provide good social conditions and welfare for its people? Or is it the combination of health, education and other social services which develops the national capability to generate economic growth? Based on the experience of Finland and other Nordic countries, Hilkka Pietilä argues that the two aims are "interdependent and mutually enhancing" — one requires the other. An independent researcher, she is Finland's "Focal Point" for the UN Institute for Training and Research on Women (INSTRAW) and Honorary President of the World Federation of UN Associations (WFUNA), and was Secretary-General of the Finnish UN Association for 17 years.

ONE DAY IN THE EARLY 1990S a good friend of mine — a long term-term servant of the United Nations — bluntly remarked: "It is better, Hilkka, that you keep quiet about the Nordic welfare society. It is such a luxury of the rich, the poor countries cannot even dream about it." This remark annoyed me immensely. Intuitively, I felt that it was not true, but I did not have a good answer. Now I do.

That remark prompted me to study the history of emerging wealth in Finland and the other Nordic countries. These counties are located very far to the North, in a harsh climate where nature does not permit more than one harvest a year. Furthermore, the Nordic countries never had colonies, from which most of the other

rich countries have extracted their wealth for centuries. However, according to UN statistics of the UN, the Nordics are among the wealthiest and also the most equal and democratic countries.

The common belief seems to be that a country first has to become rich, and then it can provide good social conditions and welfare for its people. But the advancement of the Nordic countries into the welfare societies of today tells a different story. Their wealth has been built by building welfare for their people. The historical supposition is that these countries would not have become well off without bringing about healthy and capable people, and they would not have been able to provide health, education and an abundant set of social services to their people without adequate economic growth, i.e. one requires the other.

The common belief is that a country first has to become rich, and then it can provide good social conditions and welfare for its people. It goes both ways and one requires the other.

WHAT DO WE MEAN BY WELFARE?

The prevailing notions and understandings about welfare differ a great deal from country to country. They range from the totalitarian way of provisioning once practised in the socialist countries of Eastern Europe to the public charity called welfare in the United States. Even within Europe, welfare is implemented in a different form in each country. We can distinguish at least three perceptions in the popular understanding of the term:

- a) "Being on welfare." This means social support in special cases to those facing particular hardships like disability, poverty, being a migrant or refugee, etc. This is "welfare" seen as a kind of state charity, disgraceful mercy humiliating the recipients;
- b) A distribution system involving direct financial support, subsidies or reductions of expenses in cases of special needs like unemployment, illness, maternity, old age, etc.; and
- c) Social security, benefits and services as rights and entitlement of everyone living permanently in the country concerned.

The first two perceptions represent a kind of "a welfare pluralist vision" which is "something very different from the Scandinavian social service state model" as in category c) above, where "social services are social rights, so that every citizen is entitled to services such as children's day care or home help"(Anttonen, 1994).

Anttonen makes a clear distinction between the concepts of social service state and social security state. The Nordic welfare system includes both allowances and services, which are regarded as public utilities and social rights belonging to everyone, not as dis-

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graceful mercy to the few. In this kind of a system, people have triple citizenship: economic and social citizenship, in addition to the political one. Therefore, the preferred term for this system is *welfare society* rather than welfare state.

From the women's point of view, it is particularly important that social benefits and services are individual. They belong to everyone without distinction as to sex, marital status, labour relationships, income level, race or nationality. Thus, women are entitled to enjoy their social entitlements — for instance, pensions — whether they are married and employed or not. Taxation is also separate, each one paying taxes only according to his or her own income, regardless of the income of the partner.

The Nordic welfare system regards allowances and services as public utilities and social rights belonging to everyone, and people have triple citizenship, economic and social citizenship, in addition to the political one.

"All of these concepts (social service state, caring society, women-friendly society, etc) try to make visible the female world in the western welfare states. They do not deal so much with money transfers, but with women's remunerated work and women as carers. Furthermore, instead of analyzing labour-capital compromises, these concepts have opened up a way to analyze sexual contracts and compromises."

"Social and other services are needed to make women full and autonomous citizens. — However, women's path from private to public, from daughters and wives to workers and full citizens, has gone through the welfare state. In countries where there does not exist any established social service state, women's role has remained more traditional." "Services in kind have been as important as money transfers in equality plans and programmes."(ibid.)

Finland's leading welfare researcher (Julkunen, 1992) also sees this as a particular expression of the society's gender perspective, which shows how "gender is organized in social structures, cultural meanings and personal identities." The national differences are embodied in economic and cultural structures, as well as in the national welfare model and employment pattern.

"In an international comparison, the Nordic countries appear exemplary in respect to social welfare and gender equality," says Julkunen. "The usual indicators of gender gaps or the participation of women in the labour force, education and political institutions place them in the vanguard of developed nations; in some statistics, Finland is the most equal society. In the Nordic societies women have, to an exceptional

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degree, been integrated into the male society. Women's and men's status as citizens has become more similar than perhaps in any other country in the world."

Concepts about the State also affect the issue. In Nordic countries the State is a mechanism for redistribution of wealth, rights and utilities. If the State did not perform these duties, no other conceivable mechanism could. The market will never operate for the elimination of disparities and for equalization and justice in the society, but in the opposite direction. Maintenance of the welfare society is therefore very difficult without regulation of the market.

The welfare state as it has evolved in the Nordic countries, is originally based on the long historical and cultural heritage of these countries and has been developed for about a century. Deeply rooted in the social matrix, the founding principles of the Nordic model are democracy, social justice and equality, together with collective responsibility for the well-being of the people living in these countries.

Maintenance of the welfare society is very difficult without regulation of the market.

EMERGENCE OF PUBLIC WELFARE OVER TIME AND IN POLITICS

"Socialism failed — it is obvious that the only ideology that works is capitalism". This was the conclusion of many in the beginning of the 1990s. However, in fact, socialism was not an alternative, but a reaction to the ills of industrial capitalism. Socialism and capitalism, rather than being alternatives, are connected like Siamese twins. They are two ways of being Western, as professor Johan Galtung pointed out in the late 1970s (Galtung, 1978).

It could well be that socialism failed in socialist countries because it was implemented as a social and political ideology of its own, not as the counterforce to capitalism. In the Nordic countries socialism has mitigated the odds of capitalism. Capitalism has been strong enough to produce wealth for the nations, and socialism — leftist parties and trade unions — has been strong enough to control capitalism and give democratic legitimation to the governments to redistribute the wealth for the common good.

The workers' movement has been relatively strong in the Nordic countries since the beginning of the twentieth century; in Finland, dating back as early as the 1906 constitutional reform. The country was primarily agrarian at that time, and the campaign for general and equal franchise politically mobilized the rural proletariat. This gave momentum to the leftist movement and led to rapid unionization along with the emerging industrialisation.

But the most important "third party" throughout the process was Finnish women working within each political party ever since they were granted full

political rights in 1906 — the first country in the world where this happened. Promotion of equality, welfare and democracy, and attempts to eliminate disparities and poverty were obvious interests of women, regardless of their party affiliations (Pietilä, 1995).

All this mutually regulating and balancing interplay of socialist and capitalist forces together with the strong democratic ethos explains why neither socialism nor capitalism, but a Nordic model of welfare society became the prevailing system in the Nordic countries.

In 1994, Polish professor Joachim Messner compared the socialist and capitalist systems and the Nordic and German models of welfare state, and concluded from Polish experience that socialism and capitalism can both be good servants, but neither one is a good master. What is needed for providing a good life for people is a controlled market economy. "As much free market as possible and as much state control as necessary," was his recipe.

According to Messner, the Nordic welfare system and the German social system use public resources differently and have different constructions and modes of operation. In the Nordic system the main emphasis is placed upon the provision of services rather than monetary benefits. The constantly expanding service sector provides a lot of jobs, thus facilitating employment and indirectly also consumption. The major proportion of social allocations keeps rotating in the system instead of being channelled directly to consumption as monetary benefits to the needy. It is fundamentally important to realize that the social allocations are not merely expenses, but productive investments in a healthy society as a basis for an effective and sustainable national economy.

Socialism and capitalism can both be good servants but neither one is a good master. What is needed for providing a good life for people is a controlled market economy.

PIONEERING WOMEN – SOCIAL DEVELOPMENT FROM BELOW

Decades before public welfare policies ever started, it was women who started working to raise the quality of Finnish family life. About a hundred years ago the majority of Finnish homes were still living in poverty, ignorance and misery. In 1899 an energetic, patriotic group of well-educated, middle-class women felt a duty to work for economic and cultural advancement of family life in cooperation with women all over the country. They established the Martha organization, which aimed to provide education and training for housewives. Educated women — often teachers and home economists — volunteered as a kind of "missionaries" to travel around the coun-

try, visit homes and women, organize meetings and seminars, and teach and train women in practical and citizenship skills. They shared useful knowledge on, for example, the importance of cleanliness and hygiene, nutritious food, fresh air and good care for the health of children and others. Skills were imparted for child care, cooking, housekeeping, handicrafts, raising chickens, cattle and pigs, growing vegetables and fruits, improving the utilization of berries, mushrooms and wildlife from the forests and fish from the thousands of lakes.

This "Martha method" was very effective in improving the health and well-being of children and families. It did not require big public investments in huge welfare institutions — money was not available for that at the time. It increased the skills and knowledge of rural women, their status in families and communities, and their self-confidence and respect. It also helped women acquire personal earnings at a time when husbands often held family finances totally in their hands, and many women had no access to money except by stealing from their husbands.

This was a time of rising national consciousness and dawning political independence, and another aim of Martha — together with suffragette organizations — was political awakening of women and preparing them for political participation. The 1906 constitutional reform gave women the right to vote and run for office, and training for women in using these political rights was essential. In Finland's first modern parliamentary election in 1907, 19 women were elected into the parliament of 200 members. Many of these women spontaneously supported all efforts to improve the social conditions of women, children and families.

As from 1907, the Martha organization started to receive state support to cover part of its expenses. Soon the voluntary "missionaries" were replaced by professional extension workers, whose salaries were very low, sometimes covering only their travel and other expenses. However, the social ethos, motivation and vocation within the Martha movement was so strong that even the professionals were ready to work on very modest terms.

Local Martha clubs sprouted rapidly around the country, and in 1925 they organized themselves into the Martha Union, a national central coordinating organization. The regional Martha organizations employed the extension workers for their regions. Evening clubs, courses, fairs, competitions and all kinds of events for women to gain and prove their skills became very popular. The Martha organization as a whole gained prestige and popularity, and participation in Martha work was both a duty and a pleasure for women (Haltia, 1949).

In the early 1920s the organization had over 30,000 members and more than 200 extension workers permanently active around the country. Peak membership of almost 100,000 women was achieved in the 1960s, the latest number being 55,000 in 1997. Lately, a renais-

sance seems to be beginning, with young academic women joining and new tasks being undertaken. In recent decades the Marthas also have shared their skills and experiences in long-term cooperation with their sisters in Kenya 1980-90, Zambia 1989-1994, Zimbabwe 1991-1998 and most recently in Burkina Faso.

Given the beneficial impact of home economics extension in the early decades, many other organizations also incorporated it in their programs — including the cooperative movement, some women's political groups, and even communities, towns and rural municipalities. In the period of the 1940s-1960s, the number of people engaged in this work through other organizations was even higher than the staff of the Marthas. Home economics also was included in curricula of public schools in 1941 and has remained there ever since.

Empowering women, and strengthening their abilities, knowledge and competence to help themselves is the way of proceeding towards eradication of poverty.

The home economics extension work of women's organizations "stood in for missing social policies" in the 1920s and 1930s (Heinonen, 1998) and helped build the early foundations for the welfare society. The results were seen, for instance, in rapidly falling birth rates, infant mortality declining from about 11 per cent in 1911-20 to less than 6 per cent in 1941-50, and average life expectancy increasing from about 50 years for men and 55 for women in 1921-30 to about 59 years for men and 66 for women in 1946-50 (Sysiharju, 1995).

Social progress in Finland in the early 1900s proves that national well-being can be built in a popular way without huge public investments. Empowering women, strengthening their abilities, knowledge and competence to help themselves is the way of proceeding towards eradication of poverty. It is social policy from below, building self-reliant and sustainable well-being for the whole nation. According to an old saying, "If you educate a man, you educate a single person. If you educate a woman, you educate the whole nation."

WELFARE SOCIETY THE FINNISH WAY

In the 1940s and 1950s Finland was by no means a wealthy country. It had just survived two devastating wars in 1939-44, lost about 15 per cent of its territory, and all of northern Finland had been burned down. Almost half a million people from the lost territory — about 12 per cent of the population of 3.6 million — moved and were resettled elsewhere in the country. Enormous reconstruction of the country was required. For political reasons, Finland would not accept U.S. Marshall Plan assistance for reconstruction of Europe (Jutikkala & Pirinen, 1973).

However, the issue was not only the consequences of the war, but very much

one of underlying underdevelopment and poverty. The most descriptive information about the misery and poverty still prevailing at that time can be found in reports by the United Nations Children's Fund (UNICEF), which provided significant aid after the war until 1954 (Osman, 1991). World Bank financial support continued until the mid-1960s, when Finland was still more a recipient than a contributor country in multilateral cooperation.

Although social welfare values and principles have deep roots in Finland and were emerging into a conscious political process after the second world war, the first theoretical foundations and systematic plans for national social policy were drafted in the early 1960s by professors Heikki Waris and Pekka Kuusi (Kuusi, 1961). For them, a consistent social policy was needed to assure and speed up economic growth and equalize the distribution of its gains and benefits. The improvement of people's lives was seen as a means for sustaining economic growth and achieving the common good of the whole nation. It was realized that these aims are interdependent and mutually enhancing, that sustainable economic growth was not possible without healthy and capable people, and that the advancement of people's well-being was not possible without economic growth.

The fact that people are taken care of "from the womb to the tomb" is one of the triumphs of Western civilization.

Swedish welfare researcher Assar Lindbeck sees the Nordic welfare system as the most effective way of organizing care, creating social security and promoting equality. He considers the fact that people are taken care of "from the womb to the tomb" as one of the triumphs of Western civilization. Describing the characteristics and policies of the Finnish welfare society as a case study will help to show how it fits this picture.

Allowances and services

The Nordic welfare system provides both allowances and services as individual rights and entitlements to all residents living permanently in these countries. In Finland everyone is individually entitled to:

- a minimum salary or basic unemployment benefit;
- child support allowances for all children until 17 years of age;
- paid parental leave for 44 weeks and thereafter unpaid child-care leave until the child becomes 3 years, with guaranteed resumption of the job;
- general pension and a personal minimum income (since 1985);
- statutory employee pension in proportion to earlier income level.

Everyone also has the right to

- free education up to university level;
- free school meals to all pupils in public comprehensive schools

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(since 1943);

- highly subsidized public health services and hospitals;
- free maternity and child care for all mothers (since 1944);
- day-care services for all children under school age, fully completed in 1996;
- various forms of highly subsidized care for the aged.

This list only gives an idea about the major rights and benefits available for everyone and is by no means exhaustive. In addition, there exists quite a number of allowances, benefits, forms of support and reductions of various kinds.

In fact, from the point of view of people, the welfare system here is a life-long social insurance, an insurance to guarantee people that whatever may happen to them, their children will not be denied education, their families will not be left at the mercy of relatives or charity organizations, no one will be abandoned in case of illness, accident, unemployment or bankruptcy, and everyone will have some old-age security regardless of their own entrepreneurship or employment.

The welfare society thus provides a reliable safety net in case of any kind of collapse in life. People automatically use their entitlements whenever they need to. Therefore open poverty and misery are almost nonexistent in Finland. However, due to neoliberal policies, people are now increasingly left on their own, which makes the safety nets even more important.

Third parent in the family

A basic point of departure and original goal of the founders of Finnish social policy was to equalize living standards and purchasing power between those who raise children and those who do not (single adults or couples without children). Highly progressive taxation means that people with higher salaries and no dependants share the costs of family and child care expenses and other public services needed for families with children.

Regardless of marital status or employment status, women have individual social entitlements and access to the services listed above. These are the most important means for women to participate in working life, achieve economic independence, and have a family and children without too much extra burden. In practice, the child and family allowances and child-care services mean that the state shares with families the expenses and workload of having children. Therefore, the state is in a way a third parent in every family.

The most important single factor enabling women to control their own lives is liberal legislation concerning reproductive health and family planning services. In 1970 a new Abortion Act eased the conditions and procedures for legal abortion. Also, dissemination of family planning information — education and contraceptives — was significantly improved through maternity and sexual health clinics and through schools for teenage boys and girls. The effect was

that illegal abortions vanished entirely, teenage pregnancies have become very rare, and the abortion rate in general has gradually declined to one of the lowest in the world.

All these services and facilities create a setting where women have the choice and opportunity to enjoy their social, economic and political human rights equally in all walks of life. Women have a choice whether to have children or not, at what stage of life to have them, and how many to have. These kinds of social policies also bring women into the labour force as contributors to national economic growth. Such "feminization" of society is sometimes described as "state feminism" run by "femocrats", meaning feminist bureaucrats in public service. On the contrary, the femocrats see that progress is slow and that it occurs in response to the initiatives and aspirations of women's movements and organisations.

The image of the State?

In advancing socioeconomic equality in the Nordic countries, the welfare principles are also embodied in macro-policy measures which for decades have promoted equality between people living in different regions of the country and working in various professions. Among those implemented in Finland are the following:

- effective regional policies regulating domestic development, which aim to keep the whole country inhabited and provide people all over the country with livelihood opportunities which are as equal as possible;
- a good public transport system, with roads, railways, and subsidized tickets on trains, buses and air traffic helping to decrease the need for private cars;
- decentralisation of free universities to ten cities around the country;
- public comprehensive schools, upper secondary schools and vocational training of equal quality available in the whole country;
- an efficient and comprehensive adult education network;
- excellent public libraries all over the country;
- highly subsidized theatre, music and arts made available in all cities.

These features indicate that the ideals of welfare and equality penetrate the entire social and political matrix in the Nordic model, which is much more than merely a system for social security and support. Interestingly, women form the vast majority of those who use these learning and cultural facilities, filling evening schools and theatres, while men are primarily interested in sports and games.

No wonder that the image of the State in the minds of Finnish people has been generally positive, unlike other parts of the world, where the State can be seen as an antagonist or even an enemy of people. This is also partly due to the fact that the Nordic states have relatively small populations, and people can feel that their will is genuinely reflected in the

decisions of representative political organs. Also accentuating this feeling is the local government system, which gives municipalities significant power to decide on policies at the community level.

Where does the money come from?

In the early 1960s a special consensus or unwritten social contract emerged between capital and labour in Finland. The Employers Union and the Central Organization of Trade Unions agreed to seek an annual general agreement through collective bargaining on wages and terms of employment. This agreement then constitutes a binding framework for employment relations among all contracting parties. Both employers and employees felt they gain from peace in the labour market, which then helps the economy to grow steadily. In a way, they legitimate each other's aims and agree annually on how the cake is shared.

This consensus was warmly blessed by the government. It implied that tax revenue will grow steadily, and government can proceed in building the welfare society. In fact, the mechanism which grew from this system has been operating fairly smoothly for decades and has assured constant economic growth. There was also a consensus in the parliament for necessary legislation to further social advancement.

The main financing source for the welfare system is the contributions which employers have agreed and are legally obliged to pay. Contributions are based on the payrolls and have increased total labour costs by up to 60–70 per cent at their height, in the early 1990s. Another major source is the highly progressive taxation on salaries and wages, which is also the most important means of effectively equalizing income distribution between people. Taxes take as much as 50–60 per cent of salaries and wages, depending on the level of total personal income.

In addition building and maintaining the welfare society also called for extensive and strong measures to regulate the economy. For decades, these were a "normal" and important source of public revenue in most countries; in the Nordic countries, they were a crucially important part of development policies from the 1940s to the 1980s. In Finland the regular measures for governing the economy were:

- regulation of currency rates and transactions, devaluations and revaluations as the ultimate means of adjusting terms of trade according to the needs of export industries.
- regulation of export/import trade through licence systems, legal protection for Finnish products and domestic industry, regulation of prices and purchasing power in the domestic market, protection and subsidies for agriculture, etc.
- high purchase and import taxes on alcohol, tobacco, petrol, cars and other luxury products, thus also regulating the amount imported of such products.

These measures and policies governed development and extracted resources

from the constantly growing economy for gradually expanding social security benefits, education, health care, child care, old age support systems and cultural services, transport and other public services. In the 1990s, however, development policies and directions in Finland and other countries in Europe were changed as a result of the liberalisation of capital and trade, the free movement of labour, goods and services, membership in the European Union, and the constraints and rules of the European Economic and Monetary Union as regards economic policies. These trends have created a lot of pressure for dismantling the welfare system.

Investments in welfare enhance the economy

As stated earlier, money rotates differently in the Nordic social systems than in other European systems. In Finland, public welfare services and institutions create a huge public sector which employs hundreds of thousands of people in caring for, educating, serving, and transporting other people. These jobs are not affected by mechanization and automation, which can decrease employment in other sectors. The better this sector is developed, the more jobs it provides.

People in social sector work have meaningful jobs, earn their livelihood and use their incomes for their housing, clothing, food, services, etc. This way the money invested in the social institutions keeps rotating, creates jobs, demand and consumption and thus also maintains additional jobs, and gives revenues to the state through the taxes paid by these people.

In fulfilling their tasks the big social institutions — like schools, hospitals, institutions of all kinds — also create a lot of demand for goods and products which they consume in their functions. This demand relates, for example, to the school meals for about 500,000–600,000 pupils in basic and secondary education, and about 200,000 students in universities and vocational training institutions every weekday, as well as the premises, facilities and personnel of day care and pre-school centres for approximately 200,000 children below the school age. There are also a few hundred thousand people working in the administration of the social system. As long as highly needed services are maintained as a public system, the state can guarantee their availability and functioning. They can be developed according to the national needs and their availability and equal quality be assured.

In Finland, the public system has produced very economically the services needed by the whole society, and particularly by those who could not afford to buy them from the market. As a whole, the public sector constitutes a huge buffer zone in the national economy, both as provider of jobs and services and as creator of demand and purchasing power.

As the result of decades of systematic policies and work for welfare and equality, Finland has become one of the most wealthy countries in the world with a highly equal distribution of wealth A

long-term assessment published in 1997 indicated that in the last 25 years income disparities have declined not only between people, but also geographically between the regions of the country. Income levels of people have been about the same whether they live in the centres or peripheries.

Equality was even preserved during the recession at the beginning of the 1990s, as shown in an assessment led by professor Heikki Loikkanen: "The recession was a very harsh test upon the welfare society, but it passed well. The gap opening between the income groups was effectively avoided by way of taxation and transfers of income between the social groups," despite the huge gap which opened between the unemployed and employed in the society (quoted in the Finnish newspaper *Helsingin Sanomat*, 12 April 1997).

The present trend of privatization turns the process around. The availability of services will depend on demand with the consequence that services disappear from areas where the population is more sparse, less wealthy and more needy. Even the quality of private services varies according to their price: those who can pay more get the better services. These transformations produce increasing disparities between people and regions.

The backlash has broken through

The highly developed welfare and service society described above was very much the reality in Finland until the early 1990s, but is at risk in recent years. The liberalization of capital transactions in the late 1980s meant that private companies gained new leverage, and Finland had to increasingly open its economy to international competition. The economic globalization process in Europe takes place under the auspices of the European Union, with Finland becoming a member at the beginning of 1995. In order to qualify for membership, the Government started the austerity measures in advance. The recession and the requirements of the European Economic and Monetary Union have served as appropriate excuses for demands to dismantle the welfare state. EMU requirements have served as a disguise for the interests of business companies. The liberation of monetary traffic and trade and the pressure of the globalization process have been felt profoundly in the economy.

Power relationships in the society have changed dramatically. National governmental and parliamentary systems have been intimidated in circumstances where power is internationally centralized within European Union structures and increasingly transferred to commercial structures which do not recognize any democracy. Deregulation has given full freedom of operation to business companies, and competitiveness and cost-effectiveness have been made a rule not only in business; but even in hospitals, schools and universities. The new rules in the economy have also resulted in a very high unemployment rate becoming a long-term phenomenon.

In this situation, the power relationships between corporate employers and trade unions have also become very different from what they used to be. The corporations derive strength from the international capital base and the expansion of their operations, but the workers and trade unions are in the unemployment trap and can only retain a defensive position. The formerly equal consensual arrangements are eroding.

Women have seen this development as a backlash against equality and democratization. The cuts and public savings have in particular hit the interests of women, both the social services they need and the jobs they have in the public service institutions. Austerity measures continue even though the economy has until lately been making records.

Thus the issue for the future of the welfare society is not about a lack of resources, but about the terms and conditions of the neoliberal rules, terms and conditions of the whole globalized trade and economy. The old conflict between capital and labour — in fact between capital and people — is again here.

BUILDING A WELFARE SOCIETY – A WAY OF BECOMING WEALTHY?

Today the discussion on welfare systems — their viability and options — often proceeds without any understanding of and reference to the economic history of the countries concerned. The simplistic conclusion can be that the welfare society is just the luxury of the rich, and the poor cannot even dream about it. But looking, for instance, at the history of the Finnish welfare society gives another picture.

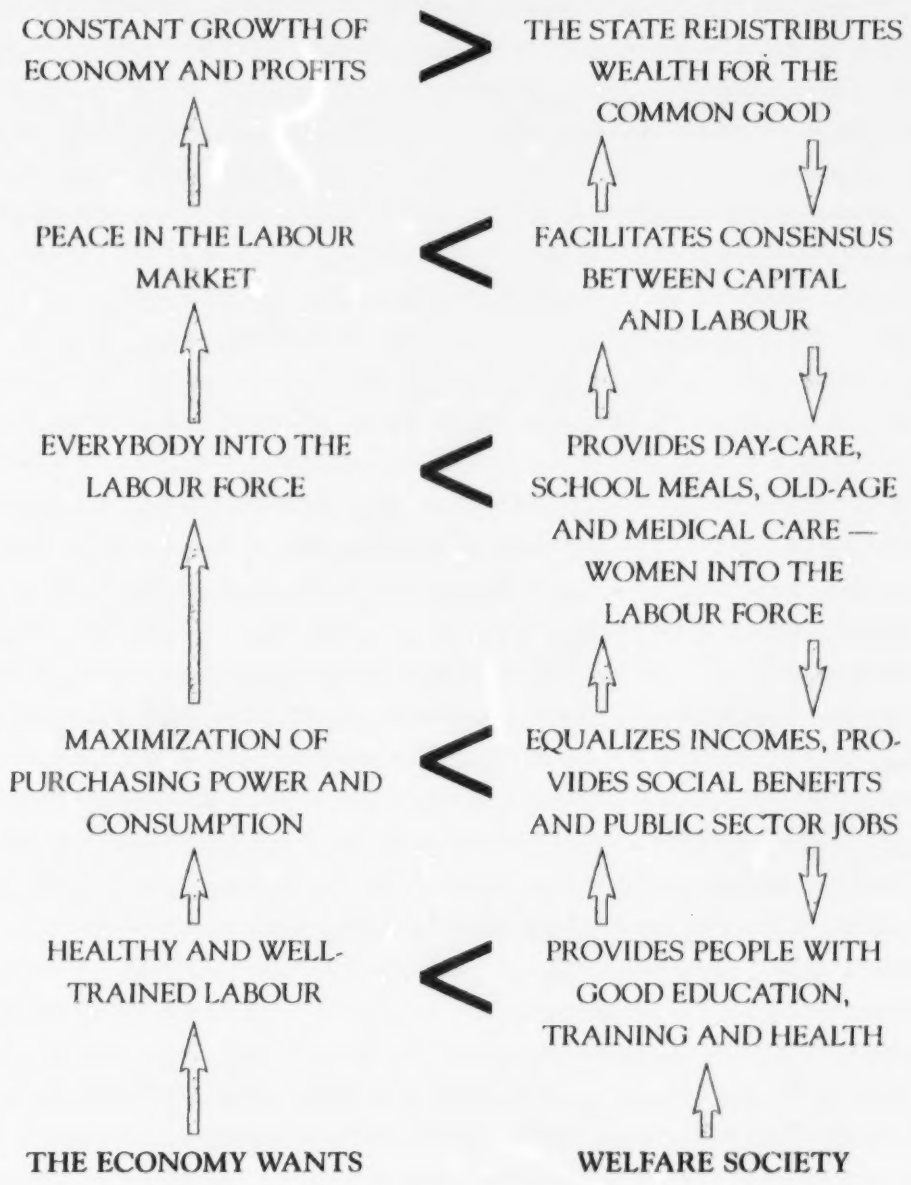
In the last century, great advances were achieved in people's lives simply by the work of assiduous and committed women on a massive scale. Then we saw how the constructive interplay between capital and labour created the prerequisites for constant economic growth and socially conscious distribution of increasing wealth. It was also the framework for broad political support to and democratic legitimation of the necessary legislation for social advancements.

In figure 1 the interplay between economic growth and the proceedings of the welfare system is described. Reading the picture from bottom to top, shows the process of economic growth on the left, and the main components of the welfare system gradually emerging on the right.

As we have seen above, the Finnish system had an early focus on free basic education for all and various measures for improving the health of people nationwide. This enhanced the availability of educated, healthy labour for expanding industry and production. The measures for levelling incomes (progressive taxation, social transactions like child and family allowances, etc.) effectively equalize purchasing power in the society and thus maximize consumption capacity to the advantage of the economic growth.

Through the provision of day care, school meals, old-age and medical care in the appropriate institutions, the welfare

Figure 1—INTERPLAY BETWEEN ECONOMY AND WELFARE


CONSTANT GROWTH OF ECONOMY AND PROFITS
>
THE STATE REDISTRIBUTES WEALTH FOR THE COMMON GOOD
PEACE IN THE LABOUR MARKET
<
FACILITATES CONSENSUS BETWEEN CAPITAL AND LABOUR
EVERYBODY INTO THE LABOUR FORCE
<
PROVIDES DAY-CARE, SCHOOL MEALS, OLD-AGE AND MEDICAL CARE — WOMEN INTO THE LABOUR FORCE
MAXIMIZATION OF PURCHASING POWER AND CONSUMPTION
<
EQUALIZES INCOMES, PROVIDES SOCIAL BENEFITS AND PUBLIC SECTOR JOBS
HEALTHY AND WELL-TRAINED LABOUR
<
PROVIDES PEOPLE WITH GOOD EDUCATION, TRAINING AND HEALTH
THE ECONOMY WANTS
WELFARE SOCIETY

Graph: *Hilkka Pietilä*

society liberates women into the labour force. Thus all possible human capacity is made available for the production system. Women themselves willingly take the opportunities to make their own living and acquire economic independence. With their earnings they for their part increase the purchasing capacity of the

society, thus contributing both to production and consumption.

The redistribution of economic benefits and advancement of justice and equality has facilitated the consensual bargaining between capital and labour and led to a very particular social contract, as described above. This has guaranteed peaceful development of economy and market. In the skilfully regulated circumstances, the efficiency and productivity of the industry has constantly improved, also providing increasing profits to the entrepreneurs.

Furthermore, due to the consensus between the social partners, the government has been able to bring forward the legislation necessary for financing the welfare system. Through all these measures and policies the benefits of the economic growth are redistributed in kind and in money to members of society in relatively equal measure.

As outlined in figure 1, economic growth, increasing wealth and gradual construction of a broad welfare system are parallel processes, which proceed in mutual interaction and enhance each other. Productivity and efficiency in industry and business cannot be increased without healthy, educated and well-trained people. And without sustainable wealth the comprehensive welfare society cannot be maintained. This is a simple axiom and recipe for successful progress toward a balanced and healthy society.

Another axiom is that a society cannot leap into sustainable wealth and well-being. An advanced welfare society can only be achieved through a process from below, democratically and together with the people. Both the economy and people need to grow, and the growth and maturation of a nation take time through generations — and this takes patience, persistence and assiduity, as well as respect, love and understanding of people.

WE NEED A NEW SOCIAL CONTRACT

It is important to realize that from the economic point of view, constant, endless growth is not possible, and from the social point of view endless growth of welfare is not necessary. There are natural limits to the material needs of people and society. In a society where demographic development has been balanced, it is possible to see where and when the social needs and services become complete, for example when there are facilities in schools for all children of school age or in day-care centres for all children under school age — though there is always room to improve the quality of the services.

Economically and socially, a society can reach bliss, and then the purpose is to maintain the necessary institutions and live in harmony with the natural environment. Culturally and personally, growth can continue throughout our lives, and each one of us can reach the level of humanity allotted to her or him as a human being.

In recent years the UN and the international community have been alarmed more than ever before by increasing

poverty and growing disparities between countries. In 1995 the UN summoned the World Summit for Social Development in Copenhagen for the eradication of poverty. It is tragic that the approach to poverty in these conferences and international debates is still based on the mistaken assumption that there is a single separate malaise which can be eradicated without interfering in the world economic system, the policies of global corporations, and the strong economic blocs of states.

This approach is false and hypocritical. Poverty is a pernicious plague as long as the international community will not tackle the world economic structures and the policies of the rich, the strong industrial countries and the trade blocs. We don't need the further liberalisation of the global trade and commerce. We need policies for regulating them in favour of equality and justice in economic relationships at all levels. We need policies and measures for making the rich countries and global corporations accountable to the international community and people around the world, and obliging them to take their part of the responsibility for the future of humanity.

Poverty is not a single separate malaise which can be eradicated without interfering in the world economic system, the policies of global corporations, and the strong economic blocs of states.

Creating welfare is not a business — it is a human necessity. If the welfare of people is ignored, if caring, nurturing and education fail, if reproduction fails, everything else will collapse too. Therefore we need a new kind of Social Contract — of a global nature — between Capital and People, a contract which will ensure that a fair share of the gigantic profits of the corporations is allotted for the common good, for the welfare of people. We also need to redefine and renew the methods for the redistribution of wealth to the people in a way which reflects true human needs, and aims at global social justice and sustainable utilization of natural resources. □

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Earth Summit 2002

NEW "GLOBAL DEAL"?

by FELIX DODDS

Some Summit planners see the Johannesburg conference might be an opportunity to negotiate a new "global deal" with three main goals: open more markets for developing countries while protecting the environment and labor; increase development assistance aimed at poverty reduction; and strengthen international cooperation on environmental issues. They are also looking for better ways to manage environmental conventions, involve stakeholders such as parliaments and transnational corporations, and open avenues for enforcing national and international compliance with environmental obligations. These ideas are initially explored by Felix Dodds. He is Executive Director of the Stakeholder Forum for Our Common Future. He is helping to prepare for Earth Summit 2002. He also edited an Earthscan book Earth Summit 2002 — A New Deal *(2000).*

THE FORTHCOMING EARTH SUMMIT in Johannesburg in September 2002, officially known as the World Summit for Sustainable Development, or Earth Summit 2002, as many are calling it, comes at a crucial time for the world. Not only will it be thirty years since the Stockholm Conference on Human Environment and ten years since the Earth Summit in Rio, but also one year since the terrorist action in the US against the World Trade Centre and the Pentagon. Just as we had experienced over the past ten years a critical change in the world due to globalization, we face a new world due to the events in the United States. Since an

estimated 70 countries lost citizens in the attack, it is difficult to see it as an attack on the US rather than on all countries.

As we approach Earth Summit 2002, it is becoming clearer that the issues that need addressing in a globalizing world are both sectoral and cross-sectoral. Mohammed Valli Mossa, South Africa's Minister for Environment and Tourism, spoke in Algiers in September 2001at the UNEP Ministerial meeting on environmental governance and set out what his country thinks should be the agenda for the Summit:

> *The single most important threat to sustainable development globally is poverty and the widening gap between the rich and the desperately poor. This is not only a threat to poor nations but also to wealthy nations, as the instability, conflict, disease and environmental degradation associated with poverty threaten the overall socioeconomic status of our planet. South Africa would therefore like to submit for consideration 'the eradication of poverty as the key to sustainable development' as the Summit theme.*

What is starting to emerge as the overarching theme for the Summit is sustainable development in a globalizing world. United Nations Under-Secretary-General, Nitin Desai, who is responsible for the Summit said:

> *"As a result of globalization, the world economy has become increasingly integrated, and international markets are playing a critical role in determining the success or failure of developing countries. The growing gap between rich and poor countries points to the continued need for an enabling international economic environment, including access to investment capital and modern technologies, debt relief, and access to international markets. If the goals of sustainable development are to be achieved in all countries, developed countries must increase their support to developing countries in those areas."*

This is not a new message. It has been repeated consistently by developing countries at least during the last ten years around the Rio Summit follow-up process. Can the Summit next year really address these issues? At least, the Summit offers a high-level venue which would underline the need to address them, especially with the G8 Heads of State.

Returning to the impact of September 11th for a moment, I am writing this as the bombs have just started to be dropped in Afghanistan. The UK Prime Minister made a speech on October 9th, 2001 to the UK Labour Party Conference, but it was obviously intended for an international audience. He discussed what should be done militarily, but also looked at the deep-rooted problems that contribute to an unjust world, leading to the possibility of a "new deal" between countries:

> *I tell you if Rwanda happened again today as it did in 1993, when a million people were slaughtered in cold blood, we would have a moral duty to*

act there also. We were there in Sierra Leone when a murderous group of gangsters threatened its democratically elected Government and people.

We can't do it all. Neither can the Americans. But the power of the international community could, together, if it chose to. It could, with our help, sort out the blight that is the continuing conflict in the Democratic Republic of the Congo, where three million people have died through war or famine in the last decade. A Partnership for Africa, between the developed and developing world based around the New African Initiative, is there to be done if we find the will.

On our side: provide more aid, untied to trade; write off debt; help with good governance and infrastructure; training to the soldiers, with UN blessing, in conflict resolution; encouraging investment; and access to our markets so that we practice the free trade we are so fond of preaching.

At Rio in 1992 it was estimated that to implement Agenda 21 it would take $625 billion a year, and that would require a transfer of $125 billion from developed to developing countries. But between 1992 and 1997, the OECD countries reduced by one-third their combined ODA as a share of GNP — from 0.33 per cent to 0.22 per cent of GNP. This was hardly an attempt to fulfil the "deal" in Rio, and it certainly did not give the financial resources required to deliver Agenda 21. Developed countries' rhetoric that Foreign Direct Investment would deliver parts of Agenda 21 and provide a much larger amount of funds was not based on any true analysis of the impact of FDI.

In the light of September 11th, it is obvious that the international community can find the funds when it needs to. It is in part the hope of Earth Summit 2002 that we will see a true rebirth of multilateralism and that we can start to really understand what we mean when we talk of "only one Earth."

GLOBAL DEAL

Minister Valli Moosa identifies a Global Deal as a crucial part of the Earth Summit agenda. He spoke about the notion of a Global Compact/Partnership (many are calling this a Global Deal or New Deal) between governments, the private sector and civil society, and indeed all major groups, regarding their commitment to resource, participate and oversee the implementation of the outcomes and programmes arising from the Summit. It is clear that there are distinctly different interpretations (of this concept), and we would need to develop a shared vision of the concept and its architecture."

This was also echoed at the United Nations Economic Commission for Europe, when it held its Earth Summit regional preparatory committee in September 2001. There, one European country put on the table the concept of a "global deal" and identified its central elements to be:

- Strengthened free trade and better market access for developing countries, combined with international standards for environment and labour;
- Better financing for development through improved and increased development assistance (i.e. the ODA target of 0.7 per cent of GNP, debt relief) with a view to poverty reduction; and
- Strengthened international cooperation on climate and environment, implementation of multilateral environmental agreements, and transfer of environmentally sustainable technologies.

Minister Valli Moosa in his Algiers speech outlined that he thought the key issues should be addressed might be best grouped as a set of sectoral areas such as health/HIV AIDS, food security, energy, freshwater, oceans and seas, and a set of cross-sectoral issues, such as social inclusion and poverty eradication, consumption and production, finance, technical cooperation, capacity building, gender and governance addressed in each.

Brazilian Minister Maria Luiza Ribeiro Viotti, a member of the Summit Bureau, underlined that:

> *There is growing acknowledgement that financing will certainly be one of the prominent issues in the agenda for the Johannesburg Summit. Great expectations have been placed on the results that can be achieved in this regard by the Conference on Financing for Development, to be held in Monterrey, Mexico, in March 2002. However, the Monterrey Conference will deal with financing from a broad, macroeconomic perspective. The nature of the specific contribution this process could bring to the World Summit on Sustainable Development is still unclear. The centrality of financing might warrant a discussion in its own right on how to improve mechanisms such as the Global Environment Facility (GEF) and others, so as to effectively support the transition towards sustainability.*

If we are to address poverty, then we not only need to address the component parts but also offer people work. The creation of a fairer trading system is the only way that ultimately most people can move out of poverty. The solutions we offer need to be able to embrace employment generation, particularly within the areas that promote sustainable development. Ashok Kosla, President of Development Alternatives, expresses the challenge for us:

> *No less important than sustainable consumption and lifestyles is the question of sustainable production and livelihoods. Today's production systems are not sustainable: they are too capital-intensive, too resource consuming, too heavily subsidized and too wasteful. Yet every country wishes today to "become competitive in the world economy" by emulating the same technological strategies.*

The capital investment needed to create one job in modern industry in the US averages $1 million. It is said to cost about DM 2 million in Germany and more than $2 million in Japan because of higher levels of automation. In a country like China or India, the costs can be brought down somewhat, but not a lot — most of the technology equipment and know-how is imported. The figures range from $100,000 to $500,000.

Let us assume that all of a sudden India's industry becomes the most efficient in the world and can create jobs for as low as $100,000. According to official estimates, the country needs to create some 12 million jobs every year, off farm. If they are to be in modern industries, the total cost will be around one trillion dollars, which is three or four times the GNP. That is the figure just needed to create jobs. There are two choices: either we forget about food, water, shelter and clothing and just spend our money on creating jobs, or we spend it around for a bit of everything. Either way, there will be more unemployed people next year than there are today, and their numbers will go on increasing each year thereafter.

Of course this doesn't have to happen — if the western model of development isn't followed, and we hold two basic tenets:

- Meeting the basic needs of all
- Protecting the environment

Then we will find a different equation for creating not only sustainable employment but also a sustainable planet. Underlying all this is of course are such basic values as justice and equity.

TARGETS

The past ten years have given us a series of international targets on environment and development such as:

- **Education:** To narrow the gender gap in primary and secondary education by 2005, and ensure that by 2015 all children complete a full course of primary education.
- **Environment:** To reverse the loss of environmental resources by 2015.
- **Health:** To reduce infant mortality by 66 per cent, and maternal mortality by 75 per cent by 2015, and achieve access for all to primary reproductive health service by 2015.
- **HIV/AIDS:** To halt and begin to reverse the spread of HIV/AIDS by 2015. To reduce by 25 per cent the rate of HIV infection in people aged 15-24 in most affected countries before the year 2005, and globally before 2010. To provide at least 90 per cent of young men and women with access to HIV preventive information by 2005, and 95 per cent by 2010.
- **Poverty:** To halve by 2015 the proportion of people globally (currently 22 per cent) whose income is less than $1.00 a day.
- **Sustainable development:**

National strategies for sustainable development to be completed by 2002 and implemented by 2005.

- **Water:** To halve by 2015 the proportion of people who do not have access to safe drinking water (currently 20 per cent).

The Summit should help set in motion work programmes to enable these targets to be realized. In many cases this should include setting incremental targets for 2005 and 2010. It should also fill in gaps that the present set of targets do not address such as a sanitation, protected areas, and renewable energy.

Emil Salim, former Environment Minister of Indonesia and the Chair of the Bureau for The World Summit, challenged those attending the first Prep com in May 2001. He said:

"The world is shrinking and interdependency is the driving force of development today. It forces upon us the need to reinvigorate effective implementation of sustainable development. The international community has the skill, technology and capacity to improve the sustainable development architecture.

To develop this architecture, we need to join forces together, developed and developing countries. Both countries are in the same spaceship earth facing the challenge of moving along the charted course of sustainable development. The alternative to this is that we all together, developed and developing countries in this same space ship earth, will crash in an environmental catastrophe.

The international systems of governance that we have in the area of sustainable development are completely inadequate to the challenge facing us. The UN Environment Programme (UNEP) has initiated a crucial dialogue on the future of environmental governance. Out of this discussion we could see:

INSTITUTIONAL REFORM

"Governance is the framework of social and economic systems and legal and political structures through which humanity manages itself", World Humanity Action Trust (WHAT), 2000, page 7.

In 1997 at the five-year review of Rio at the UN General Assembly Special Session (UNGASS), a number of governments, led by Germany and supported by South Africa, Singapore and Brazil, raised the need for more cooperation between the various environmental organizations. There was some discussion about a possible World Environmental Organization (WEO). The problem they faced was that they did not raise their reform proposals early enough to allow for a proper discussion. The fragmentation of the system was an issue at UNGASS, but it was discussed more in the corridors than in the negotiations. It did, however, create the possibility for a more serious and integrated attempt to review international global governance in the area of sustainable development and to develop a more

appropriate system for the 21st century.

In February 2001, UNEP Governing Council agreed to set up a Ministerial Committee to look at environmental governance. This would recommend changes to the Summit. Some of the key areas that need to be looked at are clustering of environmental conventions; fragmentation of the system; the involvement of stakeholders; compliance; and funding.

Conventions

There has been discussion about possible clustering of conventions around the following subject areas:

- Biodiversity/species
- Oceans and seas
- Chemicals, hazardous wastes, nuclear energy and testing of nuclear weapons
- Energy, climate change, and air
- Freshwater and land-related conventions

We should move from the present system of governments offering to host secretariats for individual conventions, to co-location of the conventions in the clusters. While this might mean different countries, preferably they should be located in a UN centre which would probably mean Nairobi, Bangkok, Addis Ababa, Geneva and Bonn (though it is not a UN centre).

Fragmentation

Addressing fragmentation of the system includes the streamlining and rationalization of national reporting, which would benefit everyone. At present countries spend enormous time reporting overlapping information to different bodies.

One suggestion to help within governments is to have a focal point for conventions within the office of the Head of State or its equivalent, to ensure joined up thinking within government. This should also enable governments to be saying the same thing within economic, social and environmental policymaking at the international level.

Stakeholders

(1) Councils:

Some countries have National Councils for Sustainable Development which act as national forums for multiple stakeholders. Where these exist, they could offer to:

- organize outreach to their constituencies in the country for purposes of consultation and feedback;
- develop guidance on implementation strategies within the country;
- review the development of national reports; and
- develop national targets for policy, strategies and future implementation.

While these forums have developed differently in different countries, it is important for them to have independence from government so that their reports will be accepted by their citizens.

(2) Parliaments:

One institution that is not utilized properly is national parliaments. Earth Sum-

mit 2002 will have active involvement by members of parliament, in particular through GLOBE, a worldwide educational programme, and the Inter Parliamentary Union. It would be useful for these groups to review how parliaments address sustainable development issues and to recommend ways for parliaments to review national reports before they are submitted to the UN.

(3) Transnational companies:

Since the Rio Summit there has been an increased role of *transnational companies*. At the national level, we accept regulation of industry but at the international level we seem to think voluntary codes are more appropriate. The Summit will need to address the issue of TNCs. One way forward could be the setting up of some regulatory framework for companies operating internationally. Guidelines which already exist could be built upon, e.g. the OECD Guidelines for TNCs. These might lead to the production of a framework convention for TNCs to operate within. This would require an international regulatory body to monitor and regulate compliance, as well as provide a forum for dispute resolution. For example, the UN unit on TNCs that previously existed could be reinstated to carry out this supervisory task. These activities would create a more level playing field in undertaking corporate standards. A good starting point would be to base the framework convention along the guidelines in the international environmental, labour and human rights legislation that governments already abide by.

(4) Principles and framework

The recognition that there is an increased role for stakeholders, at a range of levels, in implementing the global agreements requires the international community to start setting up proper norms for their engagement across the system. The United Nations Environment and Development (UNED) Forum has developed a set of principles for stakeholder participation, which includes: accountability, effectiveness, equity, flexibility, good governance, inclusiveness, learning, legitimacy, ownership, participation, partnership, societal gains, and transparency.

A consistent, predictable framework of partnership with stakeholders will be crucial to deliver the sustainable development agreements. This should increasingly represent rights *and* responsibilities of stakeholders.

Compliance

A critical issue is how to achieve enforcement and legal compliance with environmental standards. International environmental law could learn from good practice in other international conventions.

A good example is the Convention for Elimination of All Forms of Discrimination Against Women (CEDAW), which has two practices which seem worth emulating. First, under the Convention's Optional Protocol, individuals, groups

and organizations have the right to appeal to the UN Committee which monitors CEDAW should avenues be exhausted within their own countries. Second, countries have to report every 4 or 5 years to the Parties to the Convention, and stakeholders can present alternative reports at the same time — in effect placing a form of peer group pressure on countries to report more accurately.

Another good example is that within the European region there has been a major step forward with the adoption of the Århus Convention on Access to Information, Participation in Decision-making and Access to Justice. When it comes into force, this convention will give a very strong role to local and national stakeholders, including nongovernmental organizations. This includes the very important right for associations to bring legal actions in national courts to enforce environmental obligations.

Funding

If the international environmental governance system is to work, it requires considerably increased levels of funding. The fact that UNEP receives less money per year than World Wildlife Fund (WWF) and Greenpeace internationally reveals the low political priority for environment among many governments. This needs to change. Increased status for UNEP by making it an Agency would also help.

One issue that the UNEP initiative on environmental governance will not look at is the future role of the Commission on Sustainable Development (CSD). The position of the CSD in the UN structure, the effectiveness of the Commission, and, if it is to have a future, what its work programme might look like in the future are some of the many questions being asked in the corridors.

Perhaps the most difficult area to look at is whether Earth Summit 2002 will offer a chance to review the economic governance architecture and its relationship to sustainable development? The Global Environmental Facility has started a process to look at linkages in this area, but what about the World Bank, IMF and WTO? Could Johannesburg really start to address the inadequacies of these institutions?

One reason why the Bretton Woods institutions have moved ahead is that they use the fact that they have an unequal decision-making structure where the richer countries that 'pay the bills' have more influence. Understanding in the donor countries about the impact of the Bretton Woods institutions was highlighted very well in 1998 by the late President of Tanzania, Julius Nyerere:

> *I was in Washington last year. At the World Bank the first question that they asked me was "How did you fail?" I responded that we took over a country with 85 per cent of the adult population illiterate. The British ruled us for 43 years. When they left, there were 2 trained engineers and 12 doctors. This is the country we inherited. When I stepped down there was 91*

per cent literacy and nearly every child was in school. We trained thousands of engineers, doctors and teachers.

In 1988 Tanzania's per capita income was $280. Now (in 1998) it is $140. So I asked the World Bank people what went wrong. Because for the last ten years Tanzania has been signing on the dotted line and doing everything the IMF and World Bank wanted. Enrolment in school has plummeted to 63 per cent and conditions in health and other social services have deteriorated. I asked them again "What went wrong?" These people just sat there looking at me. Then they asked what could they do? I said, 'Have some humility.'"

Can we look to a revamped UN Economic and Social Council taking a role overseeing the policy framework under which the Bretton Woods institutions operate?

THE RIO CONVENTIONS

Finally, we need by the time of the Johannesburg Conference to have ratified the relevant stages of the six Rio Conventions. These are:

- The Bio-safety Protocol, under the CBD (2 ratifications out of 50 required for entry into force);
- The Kyoto Protocol under the United Nations Framework Convention on Climate Change, (UNFCCC) (23 ratifications out of 55 required);
- The Convention to Combat Desertification (requires funding);
- The Convention on Straddling and Highly Migratory Fish Stocks (29 ratifications out of 30 required, EU countries still to ratify);
- Prior Informed Consent (13 ratifications out of 50 required); and
- Persistent Organic Pollutants (to be adopted, 50 countries needed to ratify).

Beyond Johannesburg

Earth Summit 2002 should be seen as a landmark event, but also one significant step on the path towards creating a more sustainable planet. We also need to be thinking about where we hope to be in 2003, 4, 5, 6 (to infinity) and beyond.

It is difficult to predict the outcomes from Earth Summit 2002 in the light of the events of September 11th, but the comments by the UK Prime Minister seem to offer the possibility of a real 'New or Global Deal'.

Agenda 21 was written nearly ten years ago, and as a blueprint for sustainable development it offers a lot. However, it is also important to recognize the changed world we are now living in. In this new century, we are living in a globalized world where we are increasingly inter-dependent, bringing serious challenges and opportunities in the future that the Summit will have to address.

We don't want to meet ten years from Johannesburg and be faced with the question why we haven't implemented what we agreed in 2002. One of our chal-

lenges is to understand why we have not acted better on what we agreed in 1992.

Ashok Khosla, President of Development Alternatives, put it well when he said:

> *"The current gap that most deeply threatens the whole process of international negotiations to which we are all so strongly committed is, of course, the Implementation Gap. Closely related to it is the Accountability Gap."*

If Johannesburg is to be a defining moment for the world community where it agrees to implement what has already been agreed and provides the necessary resources to do so, then all that takes place beyond Johannesburg should be about working in partnership toward implementing what we have agreed.

As Minister Maria Luiza Ribeiro Viotti from Brazil put it:

> *"The main goal the Johannesburg Summit is set to achieve is to reinvigorate, at the highest political level, the global commitment to sustainable development and to ensure the adequate means for its implementation."*

Earth Summit 2002 will be a significant event. None of the other UN Conferences or Summits that followed Rio has a ten-year review or a world Summit. We are therefore going to see a period when such international gatherings will not occur with such frequency. Many people have talked not only of implementation as a key aspect of the next period, but also of building up the regional review process. That offers an interesting opportunity to develop capacity building within UN Regions and possibly even new regulations that are more relevant at the regional level. The UN Economic Commission for Europe has developed very useful regulations in the area of environment and with WHO in the area of health and environment which other regions might want to learn from.

The next ten years will be crucial. Will we have come together as one family addressing the problems together? If we don't manage to do it this time, then perhaps Martin Luther King's words will ring true.

> *Over the bleached bones of numerous civilizations are written the pathetic words. Too late.* □

ECOSYSTEMS of the Humid Tropics

SOUTH-SOUTH COOPERATION ON AGENDA 21

by MIGUEL CLÜSENER-GODT AND IGNACY SACHS

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INTRODUCTION

Sustainable development is concerned both with biodiversity and cultural diversity, insofar as it seeks ecosystem-specific and culture-specific responses to peoples' needs based on environmentally sound resource-use patterns. Populations living in similar ecosystems produce an amazing variety of livelihoods and adaptations to natural conditions. These experiences need to be compared and shared for the mutual benefit of participants. Ecosystems constitute a suitable geographical setting for such exchanges. The South-South Programme on "Environmentally Sound Socio-Economic Development in the Humid Tropics" has been predicated on these premises.

Since 1992, the Programme has been implemented jointly by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) in Paris, the United Nations University (UNU) in Tokyo, and the Third World Academy of Sciences (TWAS) in Trieste. UNESCO is the Executing Agency through its Programme on Man and the Biosphere (MAB) in the Division of Ecological Sciences. The central goal of the Programme is to test instruments for South-South Cooperation in humid tropical areas, with special emphasis on

network building, technology transfer and improvement of management know-how for biosphere reserves.

The Programme is engaged in the implementation of the recommendations of the Conference on Environmentally Sound Socio-Economic Development in the Humid Tropics, which was held from 13 to 19 June 1992 in Manaus, Brazil. This conference constituted the first follow-up to the United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in 1992, and it aimed to implement recommendations of the so-called Agenda 21 resulting from the Rio Conference, especially the Convention on Biological Diversity. The most important output of the 1992 Manaus Conference was a clear statement of the need to establish comprehensive inventories of research institutions working in humid tropical areas and of the past and ongoing research carried out, in order to avoid duplication of effort, identify gaps, and gain a more complete picture of the various opportunities for mutual learning through exchanges of experience and of young and senior scholars, and through parallel and joint projects.

The need to foster South-South Co-operation, and the perspectives opened up by UNCED through the Conventions on Biological Diversity and on the Protection of the Atmosphere, provided an opportunity to see how in concrete terms the conservation of ecosystems in the tropics could be harmonized with the need to ensure a sustainable and decent livelihood for the inhabitants as a basic requirement for development.

With this in mind, throughout its nine years of existence this Programme of South-South co-operation has tried to pursue these objectives by, on the one hand, helping to identify ways of strengthening local institutions undertaking research, training and management in relation to the sustainable use of renewable resources and, on the other, by recommending possible actions. Furthermore, the Programme has taken steps to improve the exchange of information and research results, particularly with respect to the preservation and sustainable use of biodiversity. It has also worked to disseminate knowledge of comparative research through publications and network databases. In addition it has tried to increase the exchange of scientists and experts.

PROGRAMMES AND PROJECTS

In the context of humid tropical regions, special attention is given to the strengthening of biosphere reserves and rational use of biodiversity for the benefit of local and indigenous populations and the countries concerned. This involves (i) rehabilitation of degraded areas; (ii) agroforestry; (iii) forest ecology and (iv) sustainable land use.

In order to achieve this, this South-South co-operation initiative has aimed to strengthen the network of biosphere reserves in Latin America, Africa and Asia which aim to undertake conservation of

ecosystems in the tropics while making efforts to achieve sustainable development. The collaboration between these reserves focuses on testing hypotheses in the field of sustainable use of biodiversity and on identifying the relevant technologies and know-how which are potentially useful for the conservation and sustainable use of biodiversity, both with respect to existing biosphere reserves and to those planned for the future. Another basic objective of the Programme is to strengthen the economic aspects within environmentally sound sustainable development and to improve the use of economic instruments for achieving sustainable development by improving the management structures of biosphere reserves, so that they become financially autonomous.

In relation to the exchange of experience regarding the development of buffer zone areas of biosphere reserves, training is provided for biosphere reserve managers and the participation of local and indigenous people is organized. In order to increase local capacity for carrying out management, research and training in the humid tropics, the Programme has strengthened already existing capacities and worked to achieve full utilization, rather than build new institutions.

In 1998-1999, support was given to the Institute of Environmental Education and Research, Pune University in India, for the implementation of an environmental awareness-raising course entitled "Diploma in Environment Education for School Teachers".

MEETINGS AND WORKSHOPS

The South-South Co-operation Programme is organized on the basis of a series of interregional meetings. (To date these have been held in Thailand (1994), Madagascar (1995), Mexico (1999), and Brazil (2000). In addition, a number of other meetings and workshops have been held. Among the events held, the following are some of the most important. Regional workshops took place in 1995 and in 1996 in Belém, Brazil. An international workshop on "Biovillages and Eco-Development" took place in Madras, India, in 1996, and, in December 1996, the Programme gave considerable support to the first international congress on "Research and Management in the Beni Biological Station (Bolivia): 10 years of Contribution to National Environmental Management". In 1997, a regional workshop on "Community-based Protected Area Management: People Participation to Enhance Protected Area Management" was held in the UNESCO Office for Science and Technology, Jakarta, Indonesia. The international seminar on "Science and Technology for a Modern Biomass Civilisation", which took place at the Centro de Estudos em Energia (ENERGE) of the Federal University of Rio de Janeiro, Rio de Janeiro, Brazil, in September 1997, was part of the preparations for the General Meeting of the Academy of Science of the Third World, and was jointly organised by UNESCO, UNU, TWAS and the Brazilian Ministry for Science and Technology. The seminar discussed the scientif-

ic priorities and technologies necessary for the advance of a modern biomass civilisation, with an emphasis on the place and role of tropical countries. In 1997 in Kunming, the capital of the Yunnan Province in China, an international workshop was organized on "Multiple Resource and Land Use Planning in Biosphere Reserves and Similar Managed Areas as Subject for Ecodevelopment". Also a visit to the Xishuangbanna Biosphere Reserve was arranged. The international meeting for the "Promotion of Sustainable Development through International Co-operation in Portuguese-Speaking African countries (PALOP)" was held in May 1998 at Sesimbra, Portugal.

APPLIED RESEARCH

The applied research projects supported by the Programme have covered the following themes and areas, among others: the rehabilitation of degraded tropical forest land in the Dimonika Biosphere Reserve in Congo; the rehabilitation of degraded mangroves in Cuba; the Mananara-Nord Biosphere Reserve, in Madagascar; "Esukawkaw Forest Reserve and its Anweam Sacred Grove (Ghana)", which studied the biological diversity and ethnobiological aspects of a protected area; "Evaluation of Faunistic Biodiversity Losses in the Coastline of Rio Grande do Sul, Brazil"; and "A Community-based Plan for the Prevention of Fires in the Municipalities of Santa Iracema do Alto Alegre and Mucajaí, State of Roraima, Brazil".

SCIENTIFIC EXCHANGES, INFORMATION SHARING

Under the Programme, activities have been promoted to encourage the sharing of information, data and approaches between scientists from different countries, through a series of joint studies and the exchange of experts and scientists. The first exchange started in 1996, with the participation of two scientists, one from Mozambique and the second from Brazil, to undertake the study "Biodiversity Conservation in Mozambique and Brazil". Several study grants were made available for participants from Ghana, Brazil, India and Colombia. Further exchanges have been organized between Madagascar, Indonesia, India, China, Bolivia and Brazil.

The expansion of training activities has called for a systematic effort to produce "state-of-the-knowledge" reports and teaching materials, with extensive use of comparative case studies, a catalogue of sustainable development experiences and an inventory of training opportunities around the world.

PUBLICATIONS

The Programme has generated a significant number of publications, and has also produced a CV and CD-Roms. Among the main publications, the following deserve particular mention.

UNESCO and UNAMAZ have published a state-of-the-knowledge report on Latin America, and a similar report focuses on perspectives from Asia and Africa.

UNESCO also published volume 18 of the MAB-Digest Series on extractivism in the Brazilian Amazon, as well as volume 15 of the same series entitled *Brazilian Perspectives on Sustainable Development of the Amazon Region*.

The first volume of the *Phyto-ecological Glossary of the Americas* was completed in 1997 by the Foundation of the Botanical Institute of Venezuela and UNESCO. UNESCO and the French research institution ORSTOM published the first volume of the new series *Sous couvert forestier*, which provided an overview of research on extractivism in the Amazon. This volume has been translated into Portuguese and was published in Brazil in 1999. In 2000, work began on a substantive report, in English, entitled *Assessing Effective Strategies for Decentralised and Participatory Management of Biodiversity Resources*.

Since the beginning of the Programme, UNESCO has published a newsletter entitled *South-South Perspectives* which appears in four languages — Chinese, English, French and Spanish.

To date, 32 papers have been published in the *Working Documents Series*. The authors work in or around existing or potential biosphere reserves, in nationally recognized reserves, or in conservation and development areas in 31 countries in Africa, Asia and Latin America. The papers give a brief description of the current status of the site, including a status report on the prevailing conservation and resource use patterns. They also indicate ways of improving traditional practices and provide orientation for applied research aimed at a more intensive, sustainable use of the biodiversity to provide a better livelihood for the local population in the buffer and transition zones. The papers also include information about ongoing research and monitoring, particularly with a view to the sustainable use of biodiversity, by finding means of developing and increasing the value of renewable resources while improving social equity.

SEEKING NEW PARTNERS

This Programme, focusing on an important ecological, environmental and economic area of concern, provides a clear example of the usefulness of South-South Cooperation. Its funding too has been an exercise in international cooperation. In addition to financial support provided by the implementing agencies — UNESCO, UNU, and TWAS — the German Federal Ministry for Economic Cooperation (BMZ) sponsored the Programme, and further finance was received from Japan and the European Union, but also, importantly, from countries in which the activities were undertaken.

It should be noted that the World Science Conference, held in Budapest in June 1999, included this South-South Cooperation Programme in the list of priority follow-up activities that should be undertaken. Nevertheless, the extent to which this these activities can continue is dependent on finding the requisite

finance, as the extrabudgetary funding for the Programme ceased at the end of 2000. UNESCO remains willing to provide from its core funds and staff what is necessary for the basic coordination of the Programme, and also a small amount of funding for publications, such as the Working Documents Series. But there is a need to find new partnerships, and other agencies and institutions are encouraged to participate. □

For a detailed list of the activities and outputs of the Programme, consult the programme's website: http://www.unesco.org/mab/south-south/index.htm.

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South-South Cooperation on Food Security

RICE IN WEST AFRICA

by KANAYO F. NWANZE, P. JUSTIN KOUKA and MONTY P. JONES

By crossbreeding African and Asian rice, international researchers have produced a "New Rice for Africa" (NERICA) which has high yield and high protein and grows well. Varieties are being cultivated by thousands of farmers in 17 countries which are members of the West African Rice Development Association (WARDA). The group is now proposing an African Rice Initiative to reach many more farmers and pursue an overall strategy for rice-based food security in sub-Saharan Africa. The authors are Kanayo F. Nwanze, Director General of WARDA; P. Justin Kouka, Executive Assistant of WARDA, and Monty P. Jones, Deputy Director of Research of WARDA.

INTRODUCTION

Nearly half the 615 million people in sub-Saharan Africa live below the poverty line, surviving on less than US$1 a day. With the population growth rate exceeding the growth rate of regional food production, food security is a major challenge. Since 80 per cent of the population lives in rural areas and depends on agriculture, the development of agriculture is synonymous with food security, poverty reduction and economic growth. The search for solutions is complicated by the high risks of environmental degradation due to unsuitable production practices and the weakness of national research programs for the development of appropriate technologies.

Rice has great strategic importance in this equation. It is one of the major food crops in the farming systems of sub-Saharan Africa, with an estimated 6.4 million hectares under rice cultivation. Of that area, the West African sub-region accounts for 4.38 million hectares or 68 per cent, expanded from only 1.59 million hectares in 1987. For the 240 million people of West Africa — one of every three persons on the continent — food today increasingly means rice. About 20 million West Africans are rice farmers, and most are women.

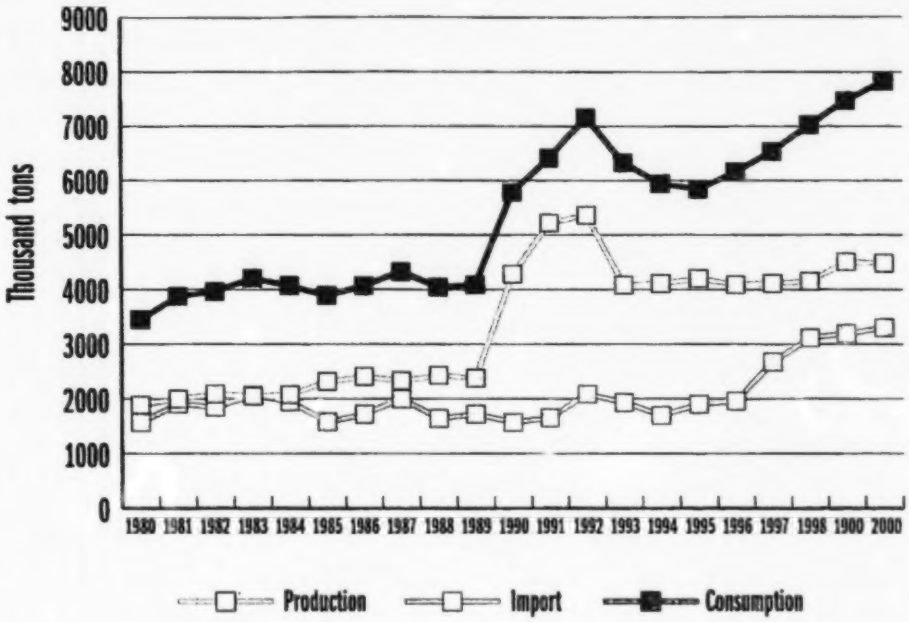
Major increases in rice consumption in West Africa have led to a wide and growing imbalance between demand and the supply produced by the region's rice farmers. The trends in rice consumption, production, and imports (figure 1) show that, since 1980, regional demand has grown at an annual rate of 5.9 per cent, while regional supply has grown by only 4 per cent, mainly achieved by reducing the traditional cultivation of coarse grains. The widening gap has been met by imports which have risen at the annual rate of 6.8 per cent.

The most important factors contributing to the shift in consumer preferences toward rice are urbanization and associated changes in family occupational structures, as shown by Diagana *et al.* (1999). This research also confirmed that rice is no longer a luxury food, but a major source of calories for the urban poor and a major component of their food budgets. As such, rice availability and rice prices have become major determinants of the welfare of the poorest West African consumers who are least food-secure.

In the "Green Revolution" of the 1960s and 1970s, rice together with wheat were the main crops, and Asia was the main beneficiary. Asian countries provided the most favorable environments for its technology package of high-yielding varieties, irrigation, fertilizer and pesticides, optimal cropping calendar, etc. Why did this technology transfer either not arrive or fail on arrival in sub-Saharan Africa? The key reason is that that the technology of the Green Revolution was not suited to the environment of poor African farmers, mainly consisting of traditional subsistence systems in marginal areas. Irrigated rice and wheat were not the main crops at the time, and irrigation projects still frequently meet with partial success in West Africa, because of technical and socioeconomic misunderstandings and inappropriate policy decisions.

Mechanization was introduced to intensify land preparation and management and to increase land under cultivation, but generally it has not proven sustainable. Chemical fertilizer came into use on a small share of rice fields, mostly by lowland male farmers with larger holdings (Adesina, 1996). The technology package did not meet the immediate needs of poor farmers, required them to obtain additional inputs they found difficult or impossible to afford, and did not relate their decisions about crop intensification to the highly differentiated sys-

Figure 1—RICE TRENDS IN WEST AND CENTRAL AFRICA (1980–2000)



tems of rural social organization and political power.

Sub-Saharan Africa must carve its own indigenous model of agricultural development. This requires new thinking and approaches based on in-depth empirical understanding of local environmental, biophysical and socioeconomic conditions faced by the poor farmers who were missed by the Green Revolution. The focus should be on simultaneous efforts to (a) boost agricultural productivity without a major increase in external inputs; (b) conserve and even improve the environment; (c) benefit the poorer segments of the population, both rural and urban, and (d) most important, incorporate indigenous knowledge systems and high participation by farmers at the grass-roots level so that they take ownership of the changes. A fundamental difference from the Asian experience is that this approach develops technologies adapted to the sub-Saharan African environment without modifying the environment to fit the technology. The magnitude of this difference is light years apart.

WARDA'S ROLE*

The West African Rice Development Association (WARDA) was established in 1971 as an autonomous intergovern-

* Unless otherwise stated, statistics in this document are based on FAO Agrostat.

mental research group by 11 West African states, with the assistance of three international donor-development organizations (UNDP, FAO, and the UN Economic Commission for Africa). In 1987, WARDA joined the Consultative Group on International Agricultural Research (CGIAR) and relocated its headquarters from Monrovia, Liberia, to Bouaké, Côte d'Ivoire. Today, the Association is made up of 17 West and Central African member states. Its mission is to contribute to food security and poverty eradication in poor rural and urban populations, particularly in West and Central Africa, through research, partnerships, capacity strengthening and policy support on rice-based systems. It does this in ways that promote sustainable agricultural development based on environmentally sound management of natural resources.

WARDA recognized that it cannot achieve its mission alone and has therefore established strong partnerships, including South-South and triangular collaborative relationships, to respond to the challenge posed by food security and poverty reduction in sub-Saharan African. The major pieces are now in place for a successful takeoff of sustainable rice production in West and Central Africa as a major contribution to food security.

The structure of WARDA covers the research-to-development continuum, with its two technology development programs for rainfed rice and irrigated rice, and its support program for rice policy and development. Emphasis is given to carrying out indigenous agricultural research, tailoring activities specifically to African environmental conditions, and pursuing agricultural development and reliable food surpluses as the precondition for expansion of the industrial sector and economic development.

Crucial for WARDA's success is that it is not merely a research center, but rather a regional rice research community with shared goals and objectives. Its primary partners are the national agricultural research systems (NARS) of its member states. In 1991, twenty years after its establishment, WARDA embarked upon a new mode of operation by creating Task Forces made up of groups of these national partners. The Task Forces bring a "bottom up" approach to WARDA's research agenda and partnerships. They have been highly successful in the development and dissemination of technologies and information. They have also served as the basis for other networks. These include:

- The International Network for Genetic Evaluation of Rice for Africa (INGER-Africa).
- The Inland Valley Consortium (IVC), which works on the sustainable development of inland valleys — a robust ecology with potentially high gains in productivity. It brings together experts from agricultural research institutes and international organizations with "on the ground" workers provided by national agricultural research systems

(NARS). National partners in the consortium include extension services, NGOs, and universities from ten WARDA member states. The Food and Agriculture Organization of the United Nations (FAO) and three of the CGIAR international agricultural research centers also participate.

- The Human Health Consortium works on the human-health impact of wetland agricultural development, especially with respect to malaria and schistosomiasis. It brings together six national research institutions in Cote d'Ivoire and Mali with WARDA and the World Health Organization's Panel of Experts on Environmental Management for Vector Control.
- The open center approach, whereby WARDA hosts staff of other institutions to work on projects for both their home institution and WARDA. Four staff have come from Japan (JIRCAS and JICA), 2 UN Volunteers were assigned from the Philippines and Myanmar, and WARDA's own staff have included specialists from developing regions other than Africa.

RICE AGRO-ECOLOGIES IN WEST AFRICA

Rice in West Africa is cultivated in diverse ecosystems and farming systems, each facing different production constraints and technical change requirements. The principal technical factors that determine such ecosystems are surface hydrology and soils. Rice ecosystems are further categorized by biological stress factors as well as human factors, which distinguish the different farming systems. The main rice ecologies in West Africa are rainfed systems, subdivided into uplands (40 per cent) and lowlands (38 per cent). The balance consists of irrigated systems (12 per cent), mostly in the Sahelian zone; mangrove rice (4 per cent); and the traditional deep water or floating rice systems (6 per cent).

Weeds are one of the major constraints of rice production across agro-ecosystems. Rice farmers in upland, lowland and irrigated systems know that weeds are the main factor limiting their yields, according to a survey by WARDA and the Natural Resources Institute of the United Kingdom. Weeds can reduce rice production by as much as 25-30 per cent, and sometimes up to 40 per cent. Farmers devote between 20 and 40 per cent of their labor on rice crops to weed control, with women and children doing the majority of weeding.

Upland rice makes up over 70 per cent of the area under rice culture in west and central Africa in the humid forest zone where annual rainfall is 2,000 mm or more. However, rice productivity is very low, averaging only one ton per hectare. Infertility related to acid soils is the principal cause, coupled with weeds. In addition, highly variable rainfall in the forest and savanna zones of West Africa can

introduce water stress to rice at any stage of crop development.

The main biological stresses that cause considerable losses in rice production are blast disease, rice yellow mottle virus (RYMV) and the African rice gall midge (AfRGM). Blast is an especially serious problem in upland rice, while RYMV is a major production constraint in irrigated and rainfed lowland ecosystems.

Rice cultivation in sub-Saharan Africa is based on the introduced Asian species, *Oryza sativa*, but landraces of the African indigenous species, *Oryza glaberrima*, are also grown in small traditional production systems in rainfed and deep-water ecosystems. However, despite its high yielding capacity, the Asian species does not have the resistance to local conditions that the African species has. *O. glaberrima* is a rich reservoir of useful genes for resistance to diseases and insect pests, as well as tolerance for acid soils, iron toxicity, drought, unfavourable temperatures and excess water.

BIRTH OF A NEW TYPE OF RICE PLANT

With traditional farming systems, improved technologies are more likely to be adopted where they (1) address major constraints as perceived by the farmers, (2) match farmers' aspirations and resources, (3) do not require major changes in production methods, and (4) are not high-risk. Such criteria may prohibit many technologies that have succeeded in other parts of the world, but perhaps augur well for seed-based technologies. This provided the impetus for WARDA's strategy for rice improvement. The objective was to combine the traits of local rice cultivars which are well adapted to specific agro-ecologies, and the greater yield potential available in exotic materials. The new plant types to be developed would have resistance to multiple stresses and require low management inputs.

African rice was domesticated in the region probably more than 3,500 years ago and its current generations have an inherited adaptation to African environments. Meanwhile, Asian rice was only introduced to Africa about 450 years ago, and has not had enough time to become fully adapted. Since their introduction, Asian rices have been preferred by African farmers because of their higher yield potential, and African rice has become increasingly marginalized. However, the exotic Asian rices simply do not have the genes to cope with the specific stresses of Africa's ecosystems.

In 1991, WARDA embarked upon an ambitious breeding program to cross indigenous African rice (*Oryza glaberrima*) with high-yielding Asian rice (*Oryza sativa*) and combine the best of the two species. Earlier researchers had experienced numerous failures, so the odds were against success for WARDA's breeders. They used a technique known as embryo-rescue to combat the problem of infertility, and then lines were fixed by a technique called anther culture. By 1994 they produced the first true-breeding interspe-

cific lines. This breakthrough has the potential to revolutionize the lives of millions of rice farmers throughout the region. Exploitation of the *O.glaberrima* gene pool has increased the scope for the development of plant types requiring low management inputs (Jones *et al.*, 1997; Dingkuhn *et al.*, 1997). This breakthrough has also established WARDA's lead role in interspecific hybridization and anther culture for rice (Jones, 1999).

In late 1996, a new partnership arrangement was forged for joint Africa/ Asia research on interspecific hybridization between African and Asian rice species, under the aegis of the Japan/US common agenda for cooperation. Funding and technical support are provided by the Government of Japan, the United Nations Development Program's Special Unit for Technical Cooperation among Developing Countries (UNDP/ TCDC), and the Rockefeller Foundation. WARDA coordinates and implements the project in collaboration with other research institutions. The division of labor is as follows:

- Assistance in gene-tagging is provided by institutions such as Cornell University (USA), the Institut de Recherche pour le Développement (IRD, France), the International Rice Research Institute (IRRI, Philippines), and the Centro Internacional de Agricultura Tropical (CIAT, Colombia).
- Assistance in physiological characterization of new interspecific progenies comes from partners in Japan such as Tokyo University, Kyoto University and the Japanese International Research Center for Agricultural Services (JIRCAS).
- Help in tagging fertility genes and screens lines from Africa is provided by the Yunnan Academy of Agricultural Sciences (YAAS) in China.

This "Interspecific Hybridization Project (IHP)" has become an effective net-

Box 1—NERICAs: LOW MANAGEMENT PLANT TYPES

NERICAs combine traits of *O. glaberrima* for weed suppression with traits from *O. sativa*, that provide high yield potential and input responsiveness.

- A higher yield ceiling
- Weed suppression
- Shorter growth duration and double cropping
- Increased levels of resistance to stresses
- Higher protein content

The shorter time from seed to seed allows farmers to grow two crops during one rainy season.

work of research institutions worldwide, drawing expertise from Africa, Asia, Europe, North and South America. The project recently achieved a breakthrough in rice breeding and cultivation by cross-breeding the African rice and Asian rice, and generating a new product that WARDA has named NERICA for "NEw RICe for Africa." The ease and speed of its cultivation and its high yield offer a welcome relief to Africa's rice farmers, while its quantity and quality offer improved prospects for rice consumers.

Today, NERICAS are grown by farmers in all 17 WARDA member countries. The first two NERICAs have been officially released in Côte d'Ivoire (NERICA 1 and NERICA 2). Adoption by farmers has been most dramatic in Guinea, where five varieties have been released. In 2000, an estimate 20,000 Guinean farmers grew NERIAs on 8,000 hectares, with production valued at US$ 69 million.

NERICA – WHAT IT MEANS

About 3,000 NERICA lines have been produced so far. Analysis of experience with these lines reveals that, from the cultivation stage up to consumption, NERICAs have a number of advantages over traditionally grown varieties (Dingkuhn and Randolph, 1997). These include:

- rapid early vegetative growth, making them more weed competitive and improving the productivity of scarce labor;
- generally shorter growth duration than most traditional rice varieties, permitting double cropping;
- better resistance or tolerance to drought and soil acidity than local cultivars;
- resistance in many cases to major African endemic insect pests and diseases, such as AfRGM and RYMV;
- improved yields per hectare

Figure 2—PRODUCTIVITY OF INTERSPECIFIC PROGENIES

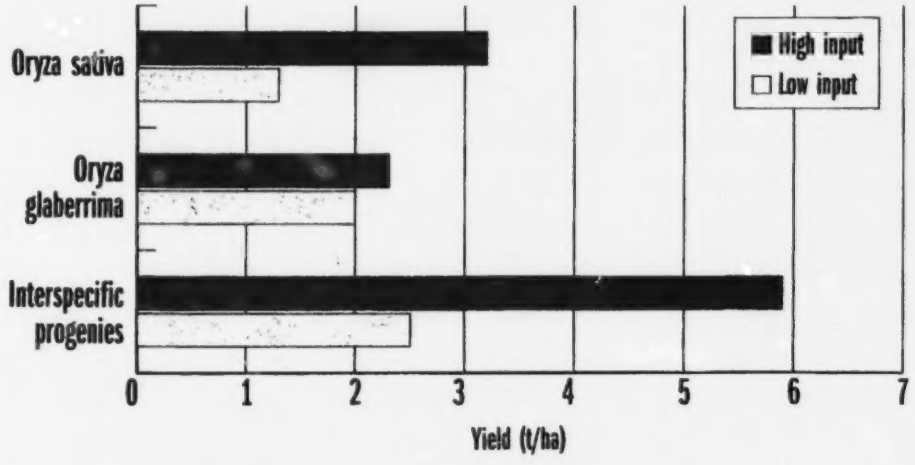
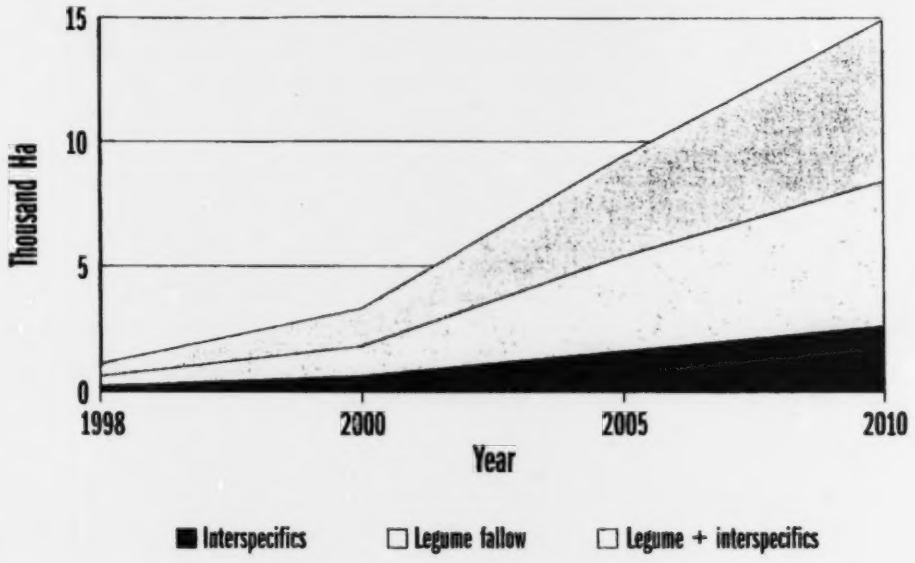


Figure 3—AREA OF SAVED LAND IN UPLAND



- stable yields under both low and high input conditions (figure 2);
- easy harvesting and threshing;
- qualities when cooked and eaten which consumers accept;
- higher protein content in several lines than either of their parents, some averaging 10 to 12 per cent protein as against 8 per cent in traditional sativas.

The stability of NERICA yields and their resistance to stresses is expected to reduce the risk associated with rainfed rice cropping and increase productivity in farmers' fields. Higher productivity per surface area will reduce clearing of new land. Reduced risk will also give farmers incentives to use more inputs, intensify land use, and gradually abandon shifting cultivation practices, thereby improving the sustainability and productivity of rainfed environments in West Africa (figure 3).

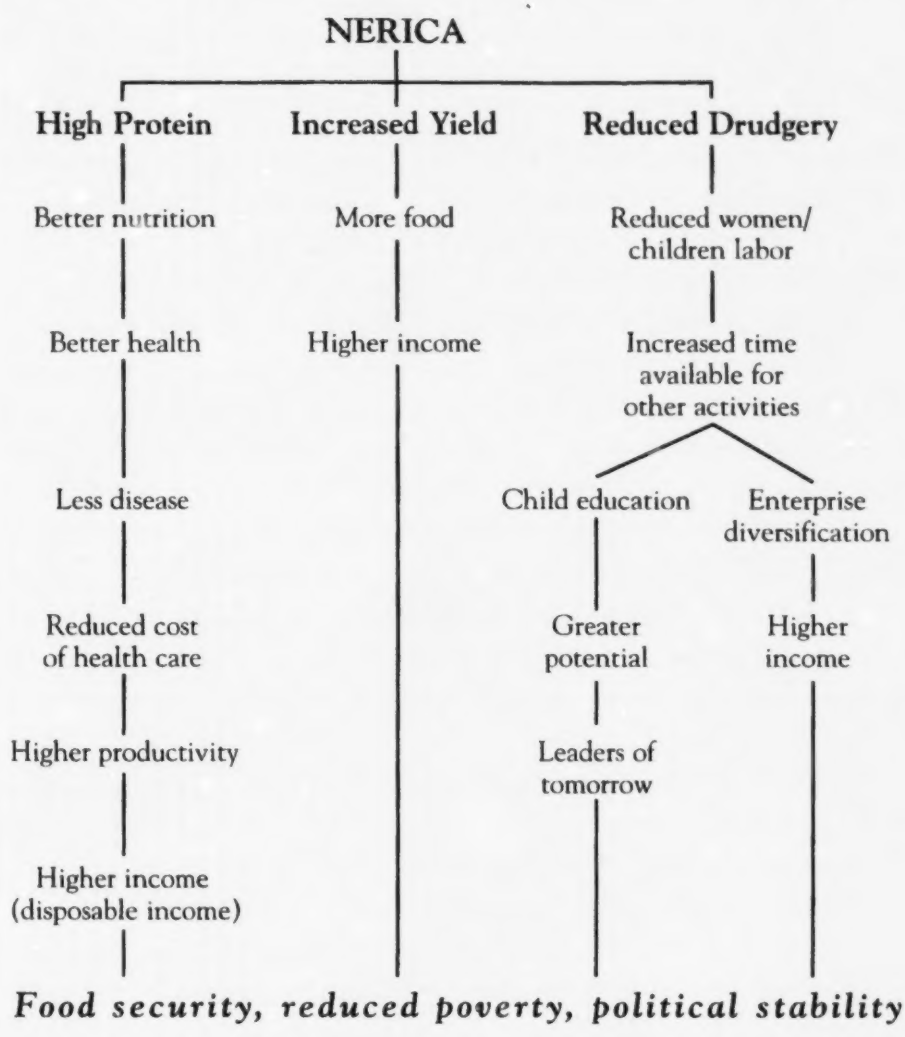
Already in Guinea, farmers are intercropping NERICAs with legumes, made possible because of the land and time saved with the earliness and sustainability of the NERICAs.

Introduction of NERICAs is, therefore, not just a mere substitution of seed, but a first step towards stabilization and sustainable intensification of Africa's fragile uplands.

The idea is not to promote the replacement of local varieties by NERICAs. Rather, the strategy is to promote the integration of NERICAs into the existing varietal portfolio of farmers with complementary technologies, sound natural resource management practices, and improved rice marketing and distribution systems.

In contrast with the Asian Green Rev-

Figure 4—A PLATFORM FOR DEVELOPMENT AND ECONOMIC GROWTH



olution, where only one variety (IR8) was widely distributed, the Participatory Varietal Selection (PVS) approach described below advocates the introduction of a multitude of varieties, with the possibility of choosing varieties for various needs. A large number of NERICA lines have been included in PVS trials in all 17 WARDA member countries, and are being evaluated by mostly upland farmers.

The NERICAs combine the best characteristics of their African and Asian parents and thus provide hope to rice farmers. Their ability to suppress weeds reduces the labor of weeding, which is mostly done by women and children,

Box 2—PARTICIPATORY VARIETAL SELECTION (PVS)

An approach to impact-oriented and demand-driven technology generation and dissemination.

A 3-year program:

- First year: farmers select from centralized rice garden of 60-100 varieties.
- Second year: farmers grow selected varieties in their own fields in comparison with traditional varieties.
- Third year: farmers purchase seeds of their preferred varieties for their own use.

Three formal evaluation visits (farmers, extension agents and researchers together):

- Maximum tillering: for vegetative characteristics, e.g. weed competitiveness
- Maturity: for cycle length, plant height, panicle structure, plant type
- Post-harvest: for yield and quality characteristics, e.g. grain quality, processing and cooking ability, aroma and taste

freeing time to be devoted to other activities. Rice is no longer a luxury good, but a way of life. The impact of the new varieties on people's lives is highly significant, because they bring better health, increased income, food security, and poverty reduction. The platform for development and economic growth for the NERICAs (figure 4) outlines a short to medium term strategy to move quickly and efficiently in providing a better life to the resource-poor farmers in rainfed uplands. It should be possible to achieve such positive results in upland crop areas across all of West and Central Africa, with significant implications for development and political stability.

Beyond the current focus on upland areas, NERICA breeding work is also underway on varieties specifically suited to the more robust and productive lowlands, based on strains originally native to Japan (in the pipeline); and to the irrigated rice systems of the Sahelian zone, based on strains native to India (being developed).

The success with NERICAs is the result of effective partnerships, including South-South and triangular collaborative relationships. Support was given to the Interspecific Hybridization Project (IHP) from the UNDP Special Unit for TCDC, Japan, the Rockefeller Foundation, Gatsby Foundation and the British Department For International Development (DFID). The results are now being

moved to the hands of farmers in West Africa, the ultimate beneficiaries of the new and improved technologies. South-South Cooperation has been instrumental through financial and technical support to move this process forward, thereby making WARDA's contribution to food security more viable.

BUILDING ON WARDA'S *MODUS OPERANDI*

The adoption and spread of NERICAs is attributed to a participatory approach in varietal selection (PVS) and community-based seed production (CBSS), as described in some detail below.

Participatory Varietal Selection

Eager to test its new products (NERICAs) with farmers, WARDA called a meeting of appropriate rice stakeholders in 1996 to discuss field testing and technology transfer. Among those attending were NARS scientists, extension agents, farmers and NGOs. Aware of the benefits and success of participatory research elsewhere in the world (especially in India, Nepal and Rwanda), delegates decided to adopt participatory varietal selection (PVS). The dual approach of PVS is to introduce farming communities to new varieties and learn farmers' preferences in rice plants to feed back into the breeding process. In 1997, WARDA initiated PVS in Côte d'Ivoire, Guinea, Ghana and Togo.

Training in PVS was provided to scientists and extension specialists from these four countries in an 8-day workshop in early 1998. They learned how to use participatory methods for local rice improvement and how to analyze results achieved by users, including specific analysis by gender. Next, this training was given to people from six more countries — Benin, Burkina Faso, The Gambia, Guinea-Bissau, Nigeria and Sierra Leone. By April 1999, at least one two-person team of researchers from each WARDA member state had been trained in PVS methodology, which they took home, put into practice and shared with colleagues and extension partners. Through this route, NERICAs have been distributed to every member country of WARDA. The workshop is now held every year, with funding by UNDP/TCDC and the Rockefeller Foundation and participation by Japanese Overseas Cooperation Volunteers funded by UNDP/TCDC. The latest workshop, lasting four days in May 2001, had 60 participants from 19 countries (of which 16 member countries).

Community-Based Seed Production System (CBSS)

Seed production and distribution are notorious bottlenecks in the dissemination of new crop varieties. National seed systems are too often under-resourced and therefore unable to meet production needs. The rapid adoption of NERICAs in several countries created a demand for rapid and efficient seed multiplication. African farmers, especially those in rainfed areas, rarely get their seeds supply from the national seed system (NSS), which is market-oriented and produces

certified seeds to international standards. Instead, the majority of farmers regularly use farm-saved seeds of local cultivars. They probably follow this method because the improved seeds are in short supply, are released irregularly, have poor quality control, are not well registered, and available from few private sector seed producers. In addition, after a variety is released, it takes six years of seed multiplication to produce enough to distribute to a large number of farmers.

To overcome these constraints, a new seed multiplication scheme has been introduced as an alternative seed-supply mechanism for small-holder farmers, called the community-based seed production system (CBSS). In this system, the National Seed Service (NSS) certifies only the foundation seed, rather than holding off on certification until it produces mass quantities of seeds. This reduces the time required for making the seeds available to end-users and depends on farmers' practices and indigenous knowledge for the mass-production stage.

Successful implementation of CBSS depends on several factors. (1) Farmers are willing to produce their own seeds, but they need to be coached in seed production, as opposed to producing grain for food. (2) They must handle seeds carefully during harvesting, threshing, winnowing and storage. (3) Seed must be properly dried, and before being harvested must be purified by removal of "off-types," i.e. grains which do not conform to the standard of the variety (a process called rogueing). (4) Finally, farmers should test the germination of their seed before giving it to their neighbors.

This model has several advantages over the conventional system. (1) It is an open system, utilizing the farmers' cultural practices and channels for seed distribution, and encourages the full promotion of traditional varieties. In contrast, the conventional system is top-down, with complete control by the seed authorities. (2) It reduces seed production costs, which are similar to the costs of producing paddy. (3) It reduces the time required for a newly released variety to reach the farmers from 7 years to 4 years. (4) It helps any farmer who is interested to produce seeds with acceptable quality and be more self-sufficient. (5) It encourages the availability of seeds of acceptable quality at the community level and consequently improves productivity. (6) It facilitates the rapid spread of improved varieties into existing low-input, subsistence crop production systems in West and Central Africa. With the high adoption of NERICAs in Côte d'Ivoire, Guinea, Ghana and other countries in the region, this system offers farmers an approach to seed production which they can manage and afford and which helps them ensure good maintenance of their seed from improved varieties as well as from traditional ones.

When CBSS started in Côte d'Ivoire in 1998, funding was provided by the African Development Bank. Since then, UNDP has provided strong support,

joined by Japan and the World Bank. In April 2001, a contract for dissemination of NERICAs using CBSS by the Ivoirian Ministry of Agriculture and Animal Resources was signed by UNDP on behalf of the three partners. This initiative, in line with Côte d'Ivoire's program on poverty reduction and rice self-sufficiency, targets the rapid dissemination of NERICAs to reduce rice imports and achieve food security.

GUINEA – A PVS CASE STUDY

Despite its small size, Guinea is one of the top five rice-producing countries in West Africa in terms of area cropped. About 70 per cent of Guinea's rice area is upland, for which little new technology had been developed. Specifically developed for the low-input, rainfed upland farming systems of West and Central Africa, NERICAs were thus an ideal candidate for Guinean farmers.

The chronology of work with NERICA lines and Guinean farmers shows a steady progression of farmer involvement and crop production from 1997 onward:

- ***1997 — 116 farmers***
  NERICAs were introduced to 116 farmers using the Participatory Varietal Selection approach (PVS). Growth in demand was rapid, leading to a shortage of seed, so a community-based seed production system was added to the extension drive under way.
- ***1998–1999 — 1,000 farmers***
  Seeds of ten new varieties, including six NERICAS, were multiplied in 1998 for the 1999 cropping season. In addition, WARDA trained 62 farmers in community-based seed multiplication at two sites. More than 1,000 farmers participated in farmer-managed and PVS trials.
- ***2000 — 20,000 farmers, 15,000 tonnes of rice***
  The program grew to 20,000 farmers, with some 200 NERICA lines being screened. Five NERICAs and an improved sativa proved particularly popular with farmers in PVS trials. Official research stations then produced about 10 tonnes of (foundation) seed of three NERICAs; 1,000 seed production plots of a half-hectare each were established. At the same time, community-based seed programs produced seeds at several lowland sites; one location geared up to produce 40 tonnes. A thousand small demonstration-cum-production plots were established in areas prone to food shortages. Altogether, NERICAs were planted on 8,000 hectares, production was estimated to reach around 15,000 tonnes, and the crop value was expected to be US $2.5 million higher than the pre-NERICA level. NERICAs were credited with bringing increased productivity and protein content, while also reducing labor for weeding and slash-and-burn agriculture through their adaptation to low-input systems.

- ***2001–2002 — 300,000 tonnes of rice (projected)***
  One-third of the year 2000 crop was to be kept as seed, providing a basis for future years' production. Guinean authorities project that 300,000 tonnes of NERICA will be produced in 2002, valued at US$69 million at today's prices. Surplus will be available for export to neighboring countries, where the demand for seed is also increasing rapidly.

The present stage reached in Guinea involves not only the NERICAs, but the whole system from technology generation, through seed production, paddy production, rice processing and milling, to rice marketing. A recent UNDP evaluation estimated that farmers using NERICA in low-input systems are making an average gross margin of US$65 per hectare, and those using a medium level of inputs are grossing US$145 per hectare.

Particularly promising for this program is the ongoing interest of key donors — World Bank, Special Program on African Agricultural Research (SPAAR), Japan, Sasakawa-Global 2000 and UNDP. Japan alone has contributed over $32 million for WARDA activities in the period 1980–2000. Also, in 2000 a private production and trading company, SPCIA, became interested in complementing the work of other partners in scaling-up NERICAs at farm level to improve farmers' profits. Finally, a new WARDA project was launched in Guinea in 2000 to help farmers make best use of available technologies and financing; called Participatory Adaptation and Diffusion of Technologies for Rice-based Systems (PADS); the project is funded by the International Fund for Agricultural Development, IFAD, and is also active in Côte d'Ivoire, The Gambia and Ghana.

LESSONS LEARNED AND THE WAY FORWARD

Rice is a way of life in West Africa, and improved rice farming is thus vital to the goals of increasing rural employment and income, reducing poverty, achieving food security, and promoting development and economic growth. To fulfil its role in this equation, WARDA helps to create and bring together five essential elements that can revolutionize rice farming: brainpower, technologies, farmer participation, political will, and South-South partnerships.

Brainpower: An underlying prerequisite is the existence of qualified, experienced, dedicated and motivated African researchers and policymakers who can craft and implement a new model of African agriculture. WARDA is a living example of that dream. In the words of Gordon Conway, President of the Rockefeller Foundation, "We are witnessing the beginning of an African agricultural revolution. As in WARDA, it is led by dedicated and committed African scientists and administrators."

Technologies: WARDA uses both advanced technologies of the West and the indigenous knowledge and resources of

Africa. Advanced technology has helped develop NERICAs, while WARDA's network in Africa has helped test and disseminate this new technology.

Farmer participation: Instead of producing indigestible outputs, science and technology is a means of translating farmers' wishes into reality by listening to them and taking their problems back to the labs to find solutions. As a result, NERICAs and other technologies developed by WARDA have brought hope to millions of farmers whose lives depend on agricultural outputs.

Political will: WARDA's status as an intergovernmental association with a regional mandate means that its member states have a vested interest in seeing its work succeed. The all-important political will is there to make the technologies work. Reinforcing the political support are the technical partnerships which WARDA has forged with the national agricultural research systems and related agencies in the region, giving them a sense of ownership of WARDA and its products.

South-South partnerships: WARDA has worked to strengthen South-South cooperation because these partnerships in turn improve its effectiveness. Research findings and the results from field applications have been shared. Tracing similarities in the lessons learned has helped to accelerate not only the research and development work, but also the dissemination of new and improved technologies to farmers.

The community of international donors and development assistance organizations should take pride in and credit for help in making a success of WARDA's research and development work. This investment should now expand to enable a broad action program that will bring rice onto the plates of many of the poor in Africa and raise them out of the vicious poverty spiral that otherwise threatens to engulf them.

To this end, WARDA has proposed an African Rice Initiative, also known as a NERICA Consortium for Food Security in Sub-Saharan Africa. The basic premise of the Initiative is that the time has come to scale up operations to reach many more farmers in sub-Saharan Africa.

The proposal is an outcome of an April 2001 workshop where all stakeholders were brought together by WARDA and UNDP/TCDC as co-sponsors, with support and participation by Rockefeller Foundation, World Bank, African Development Bank and USAID.

The Initiative involves more than simply promoting NERICAs. Environmental problems, such as loss of soil fertility and soil erosion, are becoming acute. Complementary technologies, and enabling policy and market environments are needed to make the NERICAs work.

Scaling up is likely to be hampered by institutional and organizational factors such as limited capacity of national extension agencies, national seed policies, and competing demands on scarce resources. Coordinated research will

focus on finding ways to overcome these bottlenecks and verifying the ecological sustainability of the complementary technologies. Research results then need to be delivered to the appropriate audiences, for example, village chiefs, extension agencies, NGOs and policymakers.

To address these issues, the Initiative will have two components: (a) a Stakeholders' Platform to promote widespread dissemination of the technologies; and (b) a Research Network to integrate NERICAs and complementary technologies to further increase productivity and to safeguard the natural-resource base.

The African Rice Initiative fits into WARDA's broader strategy for regional development of rice. In the short term, the NERICAs and complementary technologies will help stabilize the fragile uplands, enabling farmers to intensify cropping while remaining on the same land parcels.

In the medium term, the Initiative proposal envisages a much greater role for rice in the ecologically more robust lowlands. These areas are underutilized in Africa and have much scope for rice intensification and crop diversification. Then in the longer term, WARDA sees the need to improve water management in the lowlands, since water is crucial to the rice crop, and improved water management is a good method of increasing productivity.

The initial NERICAs have been a success, and the Initiative will build directly upon their potential. Already, however, a second wave of upland NERICAs is coming out of WARDA, and NERICAs targeted for rainfed lowland and irrigated systems are in the pipeline. As we look at accelerated breeding, we see a major role for biotechnology.

It is clear from experience with West Africa rice development that science and technology have a major role in establishing a promising basis for food security and poverty reduction. To turn this promise into reality, the conditions are now in place for strengthened South-South cooperation aimed at achieving wider impact at the grass-roots level across the region. □

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Global Intellectual Hegemony AND THE International Development Agenda

by BRANISLAV GOSOVIC

Globalization has been promoted so strongly and extensively that it has become the unquestioned framework for homogenized thinking and analysis by policy, opinion and intellectual leaders in both North and South. This "global intellectual hegemony" has helped to stifle critique and alternative models, disarm and disempower developing countries in the international arena, and undermine the role of the United Nations. In this article, Branislav Gosovic calls for relinking Southern brainpower and institutions to shape a "South platform" on global issues and relationships and on challenges facing the UN as "the instrument for democratic multilateralism." The author has worked with several UN bodies, the South Commission and, since 1990, the South Centre, and is the author, most recently, of The Quest for World Environmental Cooperation: The Case of the UN Global Environment Monitoring System *(1992).*

STATEMENT OF THE PROBLEM

How policy issues and structures and social constructs and processes are defined, conceptualized and interpreted has always been of importance. This is much more so today, in a "globalizing" world community, where "globalized" constructs and concepts shape and can even determine the nature of economic, social and political responses and outcomes at all levels of human society.

Symptomatically, the current definition and assessment of globalization have been virtually monopolized by a relatively small number of influential actors which have global reach, power and ambitions. The overarching conceptual framework and paradigm regarding globalization have emerged from the perceptions, interests and agenda of these actors, and are inspired by neoliberal ideological premises. For all practical purposes, this framework has been foisted on an uninformed or largely receptive international community. This has taken place partly through the very mechanisms and tech-

nologies which are making globalization possible. This includes the increasingly widespread availability of modern communications and data processing systems and technologies, the transposition on a global scale of modern methods common in such domains as national political campaigns, marketing and advertising and — increasingly — information warfare and intelligence. It has been made possible by the increasing permeability of economies and societies, the liberalization of markets and investment, and the related standardization of products, entertainment, culture and education. More importantly, it was a logical and expected outcome of the post-Cold War unipolarity which effectively dispensed with credible opposition and alternative models.

The current definition and assessment of globalization have been virtually monopolized by a few influential actors with global reach, power and ambitions.

What has emerged is a form of "global intellectual hegemony" (GIH), which has become one of the major characteristics of globalization of the 1990s. This essay focuses mainly on the means used to influence and homogenize world public opinion such that individuals assess, interpret and explain contemporary processes and phenomena through this dominant conceptual framework. Most important, the same means have been used to shape the analytical and cognitive frameworks relied on by governments and world élites, namely policy and decision-makers, opinion-makers and intellectuals.

Is GIH an outcome of global strategies and planned policies which have been pursued, spontaneously or intentionally, by given actors and agents? Of the persuasive power, unassailable logic and broad appeal of the paradigm? Of the very nature of contemporary society? Or is it the result of a combination of some or all of these factors? Ultimately it does not much matter, for the nature of the phenomenon and its effects are the same. GIH assumes strategic and geopolitical significance, functioning much like a medieval pulpit, but with a global audience of followers.

However, although it plays a critical function in the contemporary international system, global intellectual hegemony has not been perceived or properly recognized. It has escaped the systematic and empirical scrutiny and even the public and policy attention that it deserves. Hence its nature, scope and implications are generally poorly understood.

One of the characteristic results, indeed the pillars, of the contemporary globalization process is increasingly standardized and uniform thinking and analysis and intellectual homogeneity. It is promulgated by the frequent and widespread use of a limited number of buzz words and clichés, including "cor-

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rect" phraseology which helps mask underlying issues, endows with political legitimacy and helps win approval for otherwise questionable concepts, acts, processes or institutions.

The dominant version of globalization relies on single explanations as regards the contemporary world system and the development process. In an otherwise highly heterogeneous international community, it prescribes a "one fits all" strategy in response to social, economic and political, and indeed environmental challenges. The so-called "Washington Consensus", the best known technical mantra of globalization, is itself both a product and one of the main intellectual vehicles of this globally imposed standardization, uniformity and supposed harmony. Symptomatically, the term "consensus" is frequently used to depict a construct or model which has been arrived at without an opportunity for genuine debate and participation; it is often imposed without questions allowed or asked, even though it concerns the underlying rules, mechanisms, structures and processes. Yet, these constructs or models affect and determine social, economic and political outcomes worldwide, including the distribution of the fruits of social and economic progress and the dignity of individuals and peoples.

Global intellectual hegemony functions much like a medieval pulpit, but with a global audience of followers.

GIH is a reflection, or a variant on the global scale, of the mechanisms of influencing public opinion, of the denial of social and political pluralism, and of the prevention and discouragement of dissent which hitherto have been applied mostly in national contexts. To be able to project this on a global scale is a historic achievement in itself, to be envied by any *agitprop* machinery of yesteryear.

The mechanisms and internal logic of GIH are subtle and usually not perceived. The content of the messages it projects is thus often accepted uncritically, with the eagerness and enthusiasm of "newly born" converts or with the opportunism of *apparatchiks* who do not raise questions and move herd-like in the direction the wind is blowing. When the fact of GIH is perceived or understood, the frequent reaction is to see this manifestation of power as a fact of life which cannot be resisted or challenged effectively, while the political, economic, social and even personal costs of doing so are deemed unacceptable.

"Intellectual hegemony", exercised at the world level, in practice often amounts to "intellectual totalitarianism" for those who have no power or insufficient intellectual capacity to resist it. It has weakened critical ability and created a growing "intellectual dependence" of the countries of the South. And it has tended to discredit, neutralize or often target anything that differs substantially from, or can seriously challenge, the current orthodox wis-

dom or "party line" and thus give rise to doubts regarding the prevailing order and the systemic relationships that underpin it.

GIH should be of special concern to developing countries individually and collectively, and to so-called economies in transition which find themselves in a rather similar position, as they all attempt to confront and deal with the challenges and processes of globalization. Their intellectual dependency means that they tend to rely wholly on a handful of "likeminded" sources in the North for data, analysis, explanation, policy and prescriptions, including in relation to their own national development. This has emerged as a major factor contributing to the erosion of their sovereignty. It weakens their ability to respond critically and in an informed manner to globalization challenges — domestically and internationally — or to defend and promote (and in some cases perceive) their own interests. It leads to their becoming mere followers, albeit often reluctant or ambivalent.

GIH has played a major role in changing the nature, outlook, work and outputs of the United Nations and international organizations in general, such that they become instruments increasingly under the control of powerful countries and interests from the North. Their democratic intent has thus been weakened and openly challenged. Their vital function of helping to offset and correct (to a degree) the lopsided relations and imbalances in the global arena resulting from concentration of wealth and power in the North has been eroded. The UN responsibility to articulate, promote and advocate the needs of the overwhelming majority of humankind which is marginalized by the workings of the international economic order has been watered down. United Nations institutions have in effect been tamed and the partnership with "big business" from the North is also part of this new setting.

GIH has had the effect of sidelining and even delegitimizing whole sections and key aspects of the earlier development agenda. It has thus helped to marginalize and neutralize developing countries' major concerns in the global arena. It has deprived them of the basic arguments and premises which used to underpin their national and international development agendas and demands, and which had their origins in their liberation and anti-colonialism struggles. These can no longer be accommodated within the newly dominant credo of "level playing fields", which has remained largely unchallenged so far.

Key aspects of the development agenda have been sidelined and even delegitimized, marginalizing and neutralizing developing countries' major concerns.

Global intellectual hegemony has thus emerged as one of the principal tools

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by which the North has dismantled and continues to neutralize the political and intellectual challenge from the South (in particular its collective action) in the development field and in the global policy arena. By the same token, GIH is used for influencing and shaping national actions and political and economic strategies, and for direct or indirect influence on the South. It has become one of the key manifestations of what has been perceived by many in the developing world as a contemporary wave of (re)colonization of the South's political, economic, social and cultural space, and indeed its geopolitical space.

GIH weakens the South's intellectual and thus political defences, diverts attention away from global structures, and concentrates almost entirely on the South's own internal problems, conflicts and real or alleged shortcomings (e.g. corruption and nontransparency). GIH thus renders developing countries and their governments more pliable and less resistant, and less able to take independent initiatives in national affairs, much less internationally. GIH has indeed contributed to the growing tendency in developing countries simply to reconcile themselves to the imperatives of power and of the new situation, even when they feel and resent its biases and effects.

In sum, then, global intellectual hegemony influences and shapes the direction, content and structures of the current world order which impacts so profoundly on all spheres of life and society in all corners of the planet. It is therefore an issue that needs to be acknowledged and addressed as a priority, in particular by the South and by the UN family of organizations. As a contribution to this objective, following is an initial sketch of its nature and mechanisms.

PROJECTING GLOBAL INTELLECTUAL HEGEMONY IN THE INTERNATIONAL DEVELOPMENT AGENDA

Contemporary global intellectual hegemony is powered and rests to a major degree on the very neoliberal paradigm that it embodies and which it promotes. While this is not the place to discuss the nature and contents of this paradigm, in order to grasp the new global politics it is important to recall that it has helped shift policy attention in the world arena away from the industrialized countries of the North and their responsibilities, and away from systemic issues and structures.

The system is not challenged, the power structures are not questioned, and the hard-core economic issues are left for decision by the rich countries of the North. The onus for action as regards poverty alleviation, good governance, environment or eliminating corruption is in all cases exclusively on the developing countries. Moreover, intervention in the South by the developed countries is legitimized, and they can now instruct or compel developing countries how to act and behave.

The role of intergovernmental action in promoting an international economic

environment which supports development has been eroded. Leaving all economic problems to be solved by the market and private players has contributed to this erosion. So has an offensive on the state which markedly weakens its developmental roles and delivery capability.

By reducing everything to pursuit of narrow and specific interests, GIH has focused attention on microissues. In the process, this has generated conflicts within and among developing countries, causing them to overlook their common broader and systemic goals and problems. Problems are treated as national failures, and broader structures and systems are absolved of responsibility. The denial of priority attention to development, and replacing it with an insistence on "liberalization" and "level playing fields" as the basic reference, has largely deprived developing countries of grounds to present arguments for systemic changes. They have been reduced to making claims for special treatment on exceptional grounds and increasingly on a case-by-case basis, or for assistance from the more affluent countries and from the international community, but on both accounts they have fared poorly.

Turning attention to ways in which GIH operates, a great deal has been done through the skilled use of words and terminology, both to bolster the dominant paradigm and the current order and to endow it with positive qualities, while belittling, discrediting or demonizing any questioning, challenge, or possible alternatives.

The current globalizing world order is labelled as "new", "modern", "scientific", "results oriented" and as the irresistible tide of history, thus making it appear fresh and positive. Any questions or issues raised from a development perspective are depicted or dismissed as "ideological;" they are "old" and belong to the past — the past of "fossils" and "dinosaurs;" worse yet, they belong to the past of the NIEO (the New International Economic Order adopted by the UN General Assembly in 1974), which seems to have become a dirty word in the iconography currently in fashion. Using a well-tested method, disparaging words and labeling have also been used to dismiss and delegitimize questions and arguments and, indeed, often to silence those who raise valid questions. Tagging someone with a label has emerged as an effective way of ruling them out of order and preempting any kind of debate. The political discomfort and embarrassment caused by being branded in this way has contributed to the defensive stance and low profile adopted by developing countries' spokespersons and leaders, who seem often to forget that much of what is billed as "new" is in fact much "older" in terms of the origins of economic, political and social thought and structures.

The "end of ideology (or history)", "end of conflict", "partnership", "stakeholders", "opportunities and challenges", "no more South or North", "positive or proactive agenda", etc. are among the

frequently repeated buzz words and phrases in contemporary international and development-related discourse. The intention is to defuse issues and preempt any probing questions that may be posed. They are also meant to convey the basic soundness of the system, suggesting that it is the only possible one, the "best of all possible worlds", and noncontroversial with respect to basic structural issues. Since, in this setting, the basic interests and stake of the countries of the South are deemed to be the same as those of the North, there is no need to question how the dominant structures, system and processes operate or the outcomes to which they give rise. In this situation developing countries are reduced to "cutting the best possible deal".

Coopting selected words and terminology from the UN development discourse, and giving them an entirely or selectively different content and meaning in practice, has become a way to neutralize their political and intellectual challenge and to tame their mobilizing potential. (A recent example of this is the notion of a "development round" in the WTO. The North's view of what should be the components of such a round could very well result in a further erosion of the traditional development agenda of the South and its reinterpretation in the light of Northern interests and perceptions. This redefinition also explains in part the shift of the policy fulcrum and policy implementation to institutions which are under the control of the countries of the North and which have embraced the development terminology and broadened their mandate to include development, e.g. the World Bank and even the IMF, and of late WTO.

A number of political terms which for decades were the mainstay of the UN's work and social discourse are now frowned upon and have virtually disappeared from official usage. For example, "equity", "self-reliance", "public", "exploitation", "land reform", and even "national sovereignty" (but only with reference to developing countries!) seem all to have been ruled out-of-date and politically inappropriate. At the same time, such new concepts as "investors' confidence", "investment friendly economic environment", etc., have moved to center stage and are used as major policy levers by the developed countries. In order to please and be seen to be in line, such politically fashionable and correct phrases are now used frequently in political discourse throughout the South, often, however, without an adequate grasp of their deeper meaning or their implications in the context of North-South relations and global politics. "Human rights" (but defined selectively and narrowly with the North resisting their being linked to the international development agenda), and "governance", "transparency" and "corruption", mentioned above, have emerged as key instruments not only to keep developing countries off balance and in the dock for the accused, but also to remove the international spotlight from the developed coun-

tries' responsibilities and from issues of key concern to the South.[1]

The use of complex and technical language and seemingly neutral technocratic jargon, combined with a sprinkling of ethically correct sounding language, has been one means of clouding the underlying issues and of preempting probing questions. Selective quantification has been another aspect of the same process; a few carefully chosen indicators — many related to performance of stock markets — are used to depict and assess global and national well-being and states of health, so that a few decimal points one way or the other have become a preoccupation. Attention is thus diverted from the underlying structures and processes, and indeed from critical development indicators and values.

Closely related to the issue of terminology, support for research and teaching in such academic disciplines as "political economy" and "development economics" has weakened, as if the issues and questions they are concerned with are no longer topical or have been resolved. These disciplines have disappeared from the curricula in many colleges, in preference for supposedly politically neutral and technocratic disciplines such as mathematical economics, neoclassical economics and business administration, which seldom question the dominant paradigm and the status quo. Those scholars who use the politically correct language and carry out appropriate research, tend to be preferred when it comes to receiving grants and travel money, an important consideration for those who live and work in the developing countries.

A related aspect is the fact that the integrated study and analysis of certain questions or issues on the global agenda, and their cause-effect relationships, are no longer encouraged. This has affected the United Nations in particular, where there is now a marked orientation to study and deal with discreet issues on a case-by-case or sector-by-sector basis. The focus thus tends to be on the "trees" while deliberately overlooking the "forest", one such currently fashionable "tree" being "poverty alleviation". This trend is particularly damaging if one is trying to understand global issues and structures and their interrelationships. With some notable exceptions, such as UNCTAD *Trade and Development Report* and the UNDP *Human Development Report*, the UN has on the whole ceased to pursue in a systematic manner one of its principal functions, namely that of adopting an integrated approach to the international development agenda, a "forest *and* trees" approach.

Fear and intimidation play a role in the lack of any effective official challenge to the current global intellectual hegemony and its underlying messages. Governments do not speak up for fear of being deprived of "goods" they need or desire, of being subjected to sanctions, or of being overwhelmed by other economic and political pressures. These may be exerted bilaterally, multilaterally through the IMF and World Bank or the WTO, and

increasingly by giant business and investment entities from the North. When countries try to resist these external conditionalities and preferred policies, they can, for example, be accused of undermining "investors' confidence" and causing them to withdraw with the consequent domestic economic turmoil, or discouraging foreign entities from investing. Often, the broader public is intimidated as the media predicts hardship and crisis, in the hope and expectation that the population will also press their government to conform to the "new" order and desist from "rocking the boat". In the current unipolar world of power politics, subtle or straightforward intimidation and blackmail are fast becoming the unchallenged order and practice of the day and, indeed, a constraint on freedom of speech and expression.

Though these practices are widespread, the evidence is not documented in a systematic manner or analyzed. Governments often do not wish to admit to succumbing to threats and intimidation. Individuals, especially those in service of governments and international organizations, have their own reasons for not speaking up, including the understandable need to keep their jobs or the desire to get promotions. Contrary thinking and speaking out is mainly done in private, thus contributing to an image of apparent harmony, consensus and broad acceptance of the status quo at the public level.

An important aspect worth noting in the international arena is what could be dubbed the "Stiglitz syndrome", whereby the critique of the "Washington consensus" by the chief economist of the World Bank in public speeches was perceived as a green light from the top of the mountain, thus making politically respectable and safe within the establishment the public expression of doubts and criticism. Thus, many have been emboldened to begin openly to question and criticize globalization; they are rediscovering (or reinventing, for lack of awareness of previous development-related work within the UN) the value of some concepts and goals which were common in earlier years, but which have been obscured by the neoliberal tide or ideologically proscribed by GIH and swept into the "end of history" dustbin (from which they were not supposed to emerge).

Global intellectual hegemony has been made possible, easier and more effective by modern technologies and the concentration of control over global media by a few countries and corporations from the North. Subtly and insidiously, these media shape and influence the minds and outlook of a global audience, especially the young. They accomplish this either directly through their reporting and interpretation of news and world events, or indirectly as a conduit for advertising, cultural products and other messages. The public around the world receives much of its information, news and knowledge from very short and simplified TV messages, which originate in the same intellectual cum political

kitchen and usually deal with highly complex issues, This has contributed to the virtual hypnosis of the broad public, in a process which often amounts de facto to a "global brainwash".

Another important element is the increasing dominance of the English language, and thus of views and analyses emanating from the core countries where this language originates. Analyses and views in French or Spanish, not to mention other languages, seldom penetrate beyond the narrow confines of countries using these languages, and have had virtually no visibility or impact on the global scene. This has been the case, for example, with the trenchant analyses of globalization by France's academics, media and indeed public figures.

The world public receives much of its news and knowledge from very short, simplified TV messages which originate in the same intellectual cum political kitchen — a virtual hypnosis and "global brainwash" of the broad public.

The current intellectual hegemony is the outcome of a combination of factors: the discrediting of the "developmental state" in the South (and indeed the "welfare state" in the North); the labeling of public institutions and endeavours as "bad", in contrast to private and privatized ones which are considered an unmitigated "good"; the belittling of the development record of earlier decades; and the delegitimization of key aspects of UN development work and of the traditional North-South agenda, making them virtually anathema.

A CHALLENGE TO DEVELOPING COUNTRIES AND THE UNITED NATIONS

The erosion of the intellectual preparedness of the South, which as mentioned earlier is both an outcome of and a factor contributing to the current global intellectual hegemony, has lowered its defenses and weakened its initiative. Also, as mentioned above, the South's intellectual preparedness has been diminished as a result of the parallel weakening of the United Nations as a source of intellectually autonomous thinking, analysis and initiatives (especially on global economic issues), which were inspired by the development objectives and the basic premises and mandate of the UN Charter.

The impact and influence of the developing countries on the global scene and on the nature and content of the dominant paradigm has waned as their collective action weakened and they let slip their leadership role in the global policy domain. Hit badly by and exposed to the workings of the international economy, many developing countries have also had to give priority to seeking the best possible deal for themselves, or simply trying to remain afloat within the new

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world arrangements. Emerging as the key national actors and policy and decision-makers are their finance and trade ministries; vulnerable to immediate and short-term concerns and pressures, and working within a technocratic mold, these ministries are usually not reputed for a broader political or strategic vision.

It was not enough for developing countries, if possible, to broadly agree on what aspects of the new thinking they were unhappy with and to act defensively. This by itself would not counter effectively the new scheme of things and the evolving processes, especially without having an alternative platform or set of proposals to present. The South had no sufficiently strong, adequately staffed and equipped institutions of its own to help define and express the common interests of the developing countries, and to provide them with the necessary technical and intellectual arguments to defend their common interests in their dealings with the North — let alone to put forward concrete proposals. Moreover, as mentioned above, the UN is no longer as free and able to offer intellectual, technical and policy backup to the Group of 77 (G77), as it had been in earlier decades.

Atomized, developing countries have been easily steamrollered by the North, which — quite clearly and logically as part of its strategy — has worked to discourage the collective action of G77 and the Non-Aligned Movement and to promote discord among developing countries. In the past, the UN had played an important and fundamental role in developing the intellectual challenge to the North-dominated system. The UN provided the analytical and empirical bases which gave substance to developing country demands for changes and new measures in international economic relations in support of development. This was most prominently reflected in the creation and work of UNCTAD, based on earlier work done by the UN Economic Commission for Latin America and the Caribbean. The struggle to establish UNCTAD was instrumental in the birth of G77 and in the Group's subsequent ability to discuss and negotiate with the North on more equal terms.

It is thus not surprising that a key objective of some in the North was to hamstring UNCTAD and the UN generally, and to reduce, dismantle or neutralize their ability to help developing countries in those respects. This has impaired an important and respected source of intellectual and policy challenge to the system, and of intellectual support for developing countries which could translate this into an organized effort to achieve policy change at the global level. In sum, a so-called "killing of two birds with one stone" was achieved in a number of different ways, including:

- Weakening the UN from within through direct pressures, limits on budgets and personnel, and restrictions and changes in UN mandates, especially in the economic sphere;
- Pruning the traditional development agenda, excluding many crit-

ical issues from research, study and debate, and reorienting the UN and its agencies towards issues of special concern to the North or mainly involving national policies in the South;

- Pressuring individual UN organisations, including serious proposals to close down UNCTAD, UNIDO, and even ECLAC and ECA for having "outlived their purpose" — all organizations particularly seen as providing support for the South and identified with the earlier development agenda;
- Promoting the ascendance of multilateral financial institutions and WTO as North-controlled international organizations to articulate the intellectual underpinnings of the current paradigm in an authoritative "multilateral" manner.

Increasing the role of those institutions meant a basic change of focus away from adjusting the external economic environment to make it more supportive of development and of the international objectives in the field of development. Instead, these institutions focused on achieving the structural adjustment of developing countries' economies and, increasingly, on their internal governance and polities and their integration in the world economy on the North's terms. In parallel, efforts have been undertaken to mold the UN and its bodies, e.g. UNDP, in the image of Bretton Woods institutions, and as part of the supporting cast rather than potential challengers and policy leaders in the world arena.[2]

The lost voice of the South and the conquest of the international organizations, in particular the UN, has been in part the result of an intellectual offensive which resulted in the pronounced global intellectual hegemony of the 1990s and, in turn, they were responsible to an important degree for the lack of an effective challenge to this hegemony.

CHALLENGING INTELLECTUAL HEGEMONY IN THE AGE OF GLOBALIZATION

Any specific global intellectual hegemony is a passing phenomenon, for hegemonies in general do not last. The current hegemonic paradigm appeared at a time of global power and policy imbalance and disarray, as the triumphant political forces and ascendant centers of power seized the opportunity to press their favoured theory, paradigm and model worldwide.

For a time it looked almost impossible to mount a credible challenge to this variant of Northern economic and social philosophy. The situation may be beginning to change. This potential opening for opposition is due in part to the evolving process of globalization and its negative fallout. Many reactions, which have until recently been isolated and solitary, are multiplying and becoming linked. The level of global noise and dissent is steadily increasing, now that the GIH effects are beginning to wear off and salesmanship is having diminishing returns. The Seattle events surrounding the 1999 WTO Min-

isterial Conference are an illustration of a changing broader context.

However, these positive developments are still largely spontaneous and likely to be subject to containment. They need to be channelled and brought into a focused mutual awareness. It is also important to generate much wider awareness of the existence of the current global intellectual hegemony. Its meaning and its impact need to be better known, both among those in policymaking circles, the media and public opinion, as well as among the academic and intellectual communities in the South. These will need to work out South-based responses to the current situation in order to overcome what amounts to the South's intellectual disarmament, and to achieve its intellectual rearmament and empowerment.

One crucially necessary step in this direction is to work out and articulate the elements of the overarching framework which binds together the developing countries today in their efforts to improve and change the dominant system, to foster their national development, and to defend their political and economic sovereignty.

Another essential step is to grasp the similarities and differences in the national situations of developing countries and of the challenges facing them. An understanding of cause-effect relationships will make it easier to build a collective perception and a joint stand with respect to the global challenges, structures, regimes and indeed the intellectual paradigm that underpins them.

In practical terms, this calls for linking South brains, expertise and institutions, for structuring and linking up analysis and research, for involvement in shared tasks and comparative studies. Ultimately it requires synthesizing the essence of the many strands into a global South statement and platform on various issues and their interrelationships, and indeed on the major challenges facing international community and the United Nations as the instrument for democratic multilateralism. In other words, greatly improved institutionalization, organization and structured relations and linkages within and between the South countries are called for.

Intellectual dependence is debilitating, and the South must overcome this. It should map and structure its objectives and responses to generate greater global competition in ideas and intellectual constructs — these being of critical importance for orienting all human endeavours. This is an historical responsibility of the new generation that will lead the developing countries in the new century, a generation which has experienced the effects of the GIH syndrome. This can be seen as part of the struggle for liberation and independence which continues in new forms under contemporary conditions. It is an essential part of gaining a voice — and power — in the global arena, as power is what the North establishment seems to respect and respond to. Certainly the moral case for international justice must continue

to be articulated, for it is valid and already accepted by very many people in the North. But appeals to morality will not sway the power structures of the industrialized countries. South power is the only thing which will have an effect.

Developing countries should not be content with the role of passive, naïve or ignorant consumers of attractively packaged constructs coming from the North. They must become properly equipped and sophisticated interlocutors and negotiators in the global arena (including the market place). They must understand how the industrial North functions and how it promotes its own interests intelligently and often ruthlessly. They must reconquer intellectual space and build the necessary capabilities for this purpose, which includes training and building awareness among new generations and reviving and fostering the intellectual ferment and capabilities in their institutions of higher learning. They must reject an entirely one-way and highly asymmetrical relationship with the North, which emerged during the 1990s.

Developing countries should not be content with the role of passive, naïve or ignorant consumers of attractively packaged constructs coming from the North.

While the South can gather enough power and strength to act alone, it also needs allies and support in its struggle. It is thus essential that the UN be re-equipped, appropriately staffed and its leadership encouraged and assisted to resume its earlier role of being a global intellectual powerhouse and leader in policy and research. This will enable the UN to act in accordance with the Charter objectives and in pursuit of people-centred development as well as equity and democracy in international relations. Had the UN pursued with more vigour its fundamental and unique role in promoting the common interest of humankind, and therefore in elaborating an intellectual framework that would underpin this, the global intellectual hegemony that characterized the 1990s might not have become so entrenched. But it has to be remembered that the UN is the creature of its members, such that the virtual collapse of concerted opposition from the developing countries left the organization, and especially its secretariat, so dependent on finance from the North, even more vulnerable and rather helpless in the face of the post-Cold War international power structure.

Further, although the South encompasses close to four-fifths of humankind, it is not alone in recognizing the injustices inherent in the currently dominant economic philosophy and the arrangements that accompany it. Many people in the North, and in what are now described as "countries in transition", also have serious questions and doubts about the processes

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and direction of the kind of market-centred and market-driven globalization that predominated in the 1990s. If South policy and intellectual leaders were to link up with such intellectual, academic and NGO resources in the North and engage in cooperation and mutual support, this could make a vital contribution to breaking the bonds of the global hegemony of ideas and socioeconomic constructs, and securing their participation and influence in global thinking and discourse. The mobilizing and communication potential of the Internet — and some of the same facilities that have helped the GIH of the 1990s — can serve this purpose, too.

Intellectual liberation, based on a people-centred development paradigm, should be adopted as a collective project of the South at the start of the 21st century, and its contribution to building a better world. It is an essential ingredient for the collective action of the South, which in turn is a prerequisite if developing countries are to wield real influence and be able to take genuine initiatives in the global arena. It is also vital for protecting their national economic and political sovereignty, and indeed identity, which are currently under siege, and for overcoming that all too common feeling of helplessness and resignation experienced by their populations vis-à-vis the world and the direction in which it is moving. □

Note

This article is dedicated to the memory of the late Mwalimu Julius K. Nyerere, former Chairman of the South Centre. An earlier version of this article appeared first in the International Social Science Journal, *No. 166, in December 2000, published by UNESCO and Blackwell publishers, whose kind permission to reprint it is gratefully acknowledged.*

Notes

[1] It is important to note that these same "governance" and "democracy" concepts are increasingly applied, with the help of the conditionalities and cross-conditionalities implemented through the Bretton Woods institutions and the WTO, to extend Northern political thought and institutions to the South without any necessary adaptation. This transplantation of "democracy", often with missionary zeal and self-righteousness, is causing social and political conflict and dislocation, increased marginalization of large strata of the population, the demise of local political structures and networks, and the emergence of local elites that identify with and depend on North-based transnational elites and networks.

[2] For a discussion concerning UN reform, see South Centre, *For a Strong and Democratic United Nations, South Perspective on UN Reform*, 1997, Zed Books Ltd, London and New York.

Windows ON THE SOUTH

TRADE MEETING APPROVES NEW PLANS FOR NEGOTIATIONS AND AFFORDABLE MEDICINES

Meeting in Qatar in November 2001, representatives of 142 member governments of the World Trade Organization (WTO) approved plans for the next round of negotiations on a range of subjects in the coming years and agreed that countries may procure affordable medicines outside of the international patent system. These agreements reaffirmed "the determination of the international community to work together to respond to these challenges for a better future," said Conference chairman Youssef Hussain Kamal, who is the Finance, Economy and Trade Minister of Qatar.

Negotiations

One conference declaration elaborates objectives and timetables for the current negotiations in agriculture and services, and for future negotiations on such issues as industrial tariffs, trade and investment, trade and competition policy, and trade and the environment. The declaration and numerous items in its related work programme deal with "the particular vulnerability of least developed countries and the special structural difficulties they face in the global economy".

Negotiations under the work pro-

gramme are to be concluded not later than 1 January 2005. An exception is that negotiations to improve the Dispute Settlement Understanding are to conclude by May 2003. Other elements of the work programme are to be concluded by the end of 2002, or by the next Ministerial Conference in 2003.

Medicines

The declaration affirmed that governments may take all necessary measures to protect public health, and that if drug companies price drugs beyond the reach of people who need them, governments can override patents without the threat of retribution under the trade-related intellectual property system (TRIPS). Countries have the right to grant compulsory licenses and to determine the grounds for granting them. In the declaration, these options are not limited to emergency situations; however, if countries do declare an emergency, they can issue compulsory licenses without prior negotiation with the patent owner. The countries themselves determine what constitutes an emergency situation, are free to set their own rules for parallel imports, and can shop around for the best price of a branded drug on the global market. A main reason for seeking this new agreement is that the price of drugs for treating HIV/AIDS has placed them beyond the reach of many developing countries.

A joint statement by a group of non-governmental organizations which had pressured delegates on the drug issue said they were generally satisfied with the outcome. It represents "a major advance in rebalancing the TRIPS Agreement," according to Cecilia Oh of the Third World Network. "The declaration does have a clear political statement that public health concerns must override commercial interests," said Michael Bailey of Oxfam. "Countries can ensure access to medicines without fear of being dragged into a legal battle," said Ellen 't Hoen of Médecins Sans Frontières; "now it is up to governments to use these powers to bring down the cost of medicines and increase access to life-saving treatments."

The Doha meeting did not, however, resolve the issue of where countries with insufficient or no manufacturing capacity for pharmaceuticals will obtain drugs under a compulsory license. The developing countries asked the WTO to authorize the export of medicines under the "limited exceptions" provision in article 30 of the TRIPS, but the issue was deferred to the TRIPS Council, which is instructed to find a solution before the end of 2002.

Meanwhile, the meeting also agreed to grant the European Union a waiver from its nondiscrimination obligations in order to enable it to give preferential tariff concessions to the African, Caribbean and Pacific (ACP) countries that are former colonies of its member states. Agreement on this also required intensive consultations because of concerns raised by some developing countries that are not ACP members.

Assessing the conference as a whole, the Director-General of WTO, Mike

Moore, noted that it had dealt with "some of the most sensitive issues in international trade policy." He said he was "impressed" by the readiness of so many ministers "to understand and accommodate the needs of others" and by "the common determination to make the conference a success." □

FROM SELLING SHEEP TO BOOKING TOURISM TRIPS: E-COMMERCE GROWING IN THE SOUTH

"Very big sheep", promises the website, "a 35 kilogram (guarantee) sheep for your family's feast ($97)." With the message is a photo and zoom view of an attractive brown and white ovine.

The website, called EthioGift, is an online service for gifts from Ethiopia which targets the large, affluent Ethiopian diaspora in Europe and the US, as well as customers inside Ethiopia. It offers 48-hour delivery of sheep, cakes, flowers and liquor within Ethiopia, and handles credit card payments through a secure socket layer server in Canada. The site is the brainchild of an Ethiopian Ph.D. in computer science. Revenues last year totalled $50,000.

EthioGift is a model of an e-commerce venture based in a developing country doing a booming business with clients in the industrialized world. It is one of many enterprising start-up firms which are capitalizing on the e-commerce explosion to create business opportunities that at the same time contribute to national development. Similar ventures and the overall trend are described in the recently released *E-Commerce and Development Report 2001* by the United Nations Conference on Trade and Development (UNCTAD).

The Internet helps developing countries in such businesses as tourism, online commodity trading, and teleservicing by increasing their access to new, better-quality suppliers and putting them on a better competitive footing. For smaller players, it tends to reduce economies of scale and lower fixed costs, the report says. New opportunities are also emerging for outsourcing in developing countries.

The proliferation of Internet cafés and mobile phones in parts of the developing world where there is neither fixed-line phone service nor even a steady supply of electricity points to the enormous role e-commerce can play as a catalyst for development. The benefits extend beyond immediate profits made by local entrepreneurs to encompass the potential for broader and long-lasting improvements in education, health and employment in poor countries.

Teleservicing: great potential for LDCs

In Bangladesh, one of the world's 49 least developed countries (LDCs), Technosoft Transcription transcribes audio

patient record files for medical practitioners in the United States. The two-year-old company employs 21 people with knowledge of medical terminology, computer and typing skills and an understanding of American culture and practices. It uses a marketing organization in the US to secure contracts directly; other Bangladesh companies obtain subcontracts via India. Clients send voice files containing dictations of patient records to a server in the US, which Technosoft then downloads, promising a 24-hour turnaround time. The company expects to earn $200,000 this year, while Bangladesh estimates that by 2008, it could earn up to $300 million a year in this sector.

In Ghana, an offline teleservicing operation recently landed a contract to process insurance claims for a US company, tasks which it is predicted will eventually create 4,000 jobs. And in Togo, a company called Café Informatique has 60 employees conducting telemarketing, data scrubbing and translation for clients as far away as Geneva.

Other businesses that can operate via offline teleservicing by LDC enterprises include remote data input, software development, remote access server maintenance, web development, database creation, digitization of old documents (e.g. blueprints), translations and editing. The potential is "unlimited", says the UNCTAD report. This is mainly because of the huge difference in wages between LDCs (as low as $20 a month, but around $500 for highly qualified individuals) and developed countries (ranging from $2,000 to $10,000 a month for similar activities). Offline teleservicing is well suited to LDCs, where online teleservicing might be problematic because of less reliable telecommunications infrastructure and regulatory restrictions, notes the Report.

UNCTAD surveyed 16 e-commerce enterprises in 10 LDCs and identified key opportunities for diversifying into sectors that rely less on transport and reduce the economic significance of distances. In many LDCs and landlocked countries, transport can account for up to 40 per cent of total export costs.

In developing countries in general, the Report contends, a pivotal role will be played by business-to-business (B2B) e-marketplaces. These countries have so far accounted for a negligible share of such transactions, but opportunities exist for them in sectors where they already have a significant presence, such as travel/tourism and primary commodity marketing. More than 80 per cent of e-commerce transactions in coming years will be between businesses. The percentage will be even higher in LDCs — particularly if international business is involved, as local B2B e-commerce is unlikely to reach any significant levels in the least developed countries themselves.

There are other challenges, of course — some of them having nothing to do with infrastructure, skills, legislation, payment methods and financial resources. "The most serious problem for LDC

enterprises as they embark on e-commerce is not technology but the need to change their business culture and practices," the UNCTAD report explains. This is because in the digital economy, information flows more quickly and in more directions, decision-making thus becomes less centralized, and workers need to be able and feel empowered to perform a wider range of tasks. "This represents a serious challenge for many developing countries and economies in transition, where traditional notions of authority and hierarchy may be more deeply entrenched.... Competitiveness in the digital economy requires a workforce that is equipped with the skills to master change rather than to undergo it."

The promise of e-tourism

Competent, modern digital workforces in developing countries have been acquiring a competitive advantage in e-tourism, which at the point of sale is little more than an information product. Tourism and its Internet incarnation, often called "e-tourism", is one of the fastest-growing e-commerce sectors. Last year, online travel bookings in the US and Europe nearly doubled, to $15.5 billion, and now exceed online software and hardware purchases — previously the leading category in consumer e-commerce. Of the $64 billion in developed-country 1999 e-commerce sales, the largest category was travel, transport and hotel reservations, accounting for 38.5 per cent.

Tourism and e-tourism are also important for developing countries, generating employment and foreign currency earnings. According to UNCTAD estimates, tourism represents at least half of all e-commerce in these countries and is the single most important e-commerce sector. Developing countries already have a growing share in the international tourism market, accounting for 29 per cent of all international tourism receipts in 1999. However, at 3 per cent their share of the online market, including international and domestic travel, is much smaller, ranging from $0.4 to $0.5 billion, says UNCTAD. Their share is potentially worth $5 billion, but their current ability to acquire more than 10 per cent of this amount is limited, mainly because they lack computer and Internet penetration and online credit card payment facilities. Stories abound about companies setting up offices in offshore or developed country destinations where domestic banks cannot provide Internet merchant credit card accounts; the companies perform quasi-legal hot-wiring of credit card swipe boxes to accept remote input of credit card information from a web page, circumventing the local financial system and preventing the influx of earnings and foreign currency that would otherwise have made their way into the local economy.

But the fact that most tourism consumers come from developed countries with modern ICT and financial infrastructures lessens the impediments faced

by destinations in the developing world in securing online tourism bookings.

Destination marketing organizations — which often comprise partnerships among various tourism suppliers (airlines, hotels, attractions, tour operators) and government tourism boards — are a growing force in the travel industry worldwide, online and off, helping destinations to promote their "information products" and acquire market presence and clients. They can be crucial for the success of e-tourism endeavours in developing countries, helping the national tourism industry to bypass such intermediaries as wholesalers and distributors and compete in the online market. They can even become national portals for prospective tourists. Such portals would have to provide links and information and respond to the online transaction needs of consumers in developed countries, but this requires extensive B2B partnerships.

Two examples of e-tourism in developing countries that successfully exploit such partnerships are Asiatravelmart.com and Lakbay.Net.

Asiatravelmart.com, which bills itself as "Asia's number-one online travel marketplace", plays a dual role. It both operates an Internet travel reservation system and acts as a clearinghouse for secure e-commerce payment, collecting funds from buyers on behalf of suppliers. Individuals and corporate customers from around the world can interact with 43,000 travel suppliers and travel agents from 200 countries providing 110,000 wholesale products.

Kalakbayan Travel Systems Inc. has created Lakbay.Net, an Internet-based national travel reservation system that aims to provide travellers with accurate Philippine travel information and easy-to-use reservation and payment facilities. Its e-business model brings together a website for business-to-consumer (B2C) commerce; a B2B portal for tourism producers; e-services for the business community, consisting of a booking system and e-payment facilities; and offline marketing through a dedicated television channel, Lakbay TV. Lakbay is pioneering the concept of "appro-tech" — using technology that is appropriate for the competence of each individual network member, including short message service (SMS), e-mail and offline communication technologies.

The UNCTAD report sounds a cautionary note: "Neither computers nor the Internet, by themselves, can make a country or a company radically more productive." At the same time, however, its basic message is optimistic: "It is because the Internet revolution is relevant not just to the high-tech, information-intensive sectors, but also to the whole organization of economic life that its positive effects are spilling over more quickly into most sectors of the economy and that developing countries stand a better chance of sharing in its benefits earlier than in previous technological revolutions."

The E-Commerce and Development Report 2001 *(Sales No. E.01.II.D.30,*

ISBN 92-1-112541-3) may be obtained at the list price of US$ 40, and at a special price of US$ 15 in developing countries and economies in transition, from www.un.org/publications; United Nations Publications, Sales Section, Palais des Nations, CH-1211 Geneva 10, Switzerland, tel: +41 22 907 2606/2613, fax: +41 22 917 0027, e-mail: unpubli@unog.ch; or United Nations Publications, Two UN Plaza, Room DC2-853, New York, NY 10017, USA, tel: +1 212 963 83 02 or +1 800 253 96 46, fax: +1 212 963 34 89, e-mail: publications@un.org □

POVERTY DECLINING IN LATIN AMERICA AND THE CARIBBEAN

The percentage of households and individuals living in poverty, along with the severity of this phenomenon, fell during the past decade in Latin America and the Caribbean. "Economic recovery during the 1990s, along with efforts made in the field of public policy, were successful in most countries, at least as far as reversing the setbacks experienced in the previous decade." These findings are reported in *Social Panorama of Latin America 2000–2001* by the UN Economic Commission for Latin America and the Caribbean (ECLAC).

Latin America has 211 million poor people, over 89 million of whom are indigent. In 1999, 43.8 per cent of individuals (35.3 per cent of households) lacked the resources necessary to meet their basic needs, and 18.5 per cent (13.9 per cent of households) were indigents living in extreme poverty, that is, they didn't have enough income to purchase even a basic food basket.

Poverty reduction in the 1990s, however, was "not sufficient to completely compensate for demographic growth", and the number of people in poverty actually rose by 11 million. In contrast, the number of people living in indigence or extreme poverty fell by almost four million people. Similarly, the percentage of poor people in 1999 was still three percentage points (43.8 per cent versus 40.5 per cent) higher than in 1980.

In the region, the rural poverty rate remained considerably higher than urban poverty. The rural poor were 77 million, or 64 per cent of the rural population. The urban poor numbered 134 million, or 37 per cent of the urban population.

Trends in poverty from 1997 to 1999

During the second half of the 1990s, Mexico, the Dominican Republic and most Central American countries achieved significant progress in their fight against poverty. In South America, meanwhile, the main tendency started with a slowdown, followed by stagnation and later some recovery, which in some cases translated into maintaining or wors-

ening living conditions. Nonetheless, for an important group of countries in this subregion recovery in 2000 was weak.

In this low-growth environment, the percentage of poor and indigent households fell slightly between 1997 and 1999. The percentage in poverty fell from 35.5 per cent to 35.3 per cent of households, while indigence fell from 14.4 per cent to 13.9 per cent. Nonetheless, the percentage of poor individuals evolved differently, rising from 43.5 per cent to 43.8 per cent. The percentage of indigents fell from 19.0 per cent to 18.5 per cent.

The number of people living in poverty reached slightly over 211 million people in 1999, of which just over 89 million were indigents. This figure represents a 7.6 million increase in the number of poor people, while the number of indigents rose slightly, by 600,000 people.

The decade's achievements

From 1990 to 1999, most countries saw a significant decline in poverty rates. Toward the decade's end, at least 11 countries had successfully reduced poverty levels compared to those of 1990, and they contain most of the region's poor people. In four of the countries studied, the percentage of poor households rose.

Among countries where poverty fell, it is worth mentioning Brazil, Chile, and Panama, all of which successfully reduced it by ten percentage points. For 1991-2000 annual per capita growth in these countries reached 1.2 per cent, 5.0 per cent, and 2.6 per cent, respectively. Costa Rica, Guatemala, and Uruguay also achieved some significant reductions, with the number of poor households falling by five to ten percentage points.

In contrast, the situation of those countries in which poverty rates stagnated or even worsened during the 1990s is worrisome, because it means there were two "lost decades" in terms of advancing toward greater social equity. In Venezuela, the percentage of poor households rose from 22 per cent in 1981 to 34 per cent in 1990, and now stands at 44 per cent. Colombia, Ecuador, and Paraguay also failed to make significant progress.

Most of Latin America's poor live in housing that lacks access to drinking water and, to a lesser degree, suffers from overcrowding (more than three persons per room). Moreover, these households show a high rate of demographic dependency and low occupational density. The head of the household generally has less than three years of education, and in some cases is unemployed. Children and young people from poor households tend to develop in low-education environments, they enter the workforce early, and many neither study nor work.

Cutting current extreme poverty rates in half by 2015 is the region's central objective in the United Nations Millennium Declaration. According to recent ECLAC estimates, this will require an increase in per capita output of no less than 3.8 per cent annually. If the goal were to reduce general poverty and not just indigence by half by 2015,

higher growth of 4.4 per cent annually would be required.

See the document at www.eclac.cl/publicaciones/DesarrolloSocial/8/LCG2138P/PSE-2001-Cap1.pdf. □

THE EAST AFRICAN COMMUNITY IS BACK

The presidents of Tanzania, Uganda and Kenya attended a ceremony at Arusha, in Tanzania on November 30, 2001 to launch an East African regional parliament and a court of justice.

The new parliament is the first of its kind since the old East African community collapsed in 1977.

Its role will be to liaise with the national assemblies of the partner states on matters relating to the community as a whole.

The Inauguration of the East African Legislative Assembly and the East African Court of Justice completes the establishment of the major organs of the Community as a step towards the creation of a single market covering the three countries, with a population of over 80 million people.

The other major organs of the Community established earlier are the Summit of Heads of State, the Council of Ministers, the Co-ordination Committee and the Secretariat.

The Council of Ministers is the policy organ of the East African Community. It consists of the Ministers responsible for regional co-operation of each Partner State and such other Ministers of the Partner States as each Partner State shall determine.

Among the functions of the Council are to promote, monitor and keep under constant review the implementation of the programmes of the Community and to ensure the proper functioning of the regional organisation.

For more information go to www.eacha.org/ □

SHARING IDEAS

COOPERATION SOUTH is devoted to critical analysis and discussion of development issues of importance to the South. To this end, it welcomes the exchange of ideas and experience from all sectors, disciplines and viewpoints, and from sources ranging from policymakers and scholars to practitioners and community activists.

Readers wishing to take an active part in this dialogue are invited to comment on articles published in the journal and to contribute articles for possible publication. Letters and manuscripts, which are subject to editing, should be sent to the Editor-in-Chief, Cooperation South, as follows:

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Access to ICT, Access to Education

JOSHUA S. JACOBS

Several authors in the issue focusing on information and communication technologies (*Cooperation South* 2001 no. 1) addressed the challenge of incorporating ICT into visions of equitable and democratic societies in the South. There is a parallel between educational programs and ICT adoption programs: How can such programs be made to respond to the needs and desires of the public at large, who are often blocked from effective access to ICT resources and educational advancement alike? How can they avoid becoming top-down policies that only gesture towards equitable access to and use of these resources?

This top-down effect occurs when insufficient resources and motivation are committed to changing the *culture* into which ICT is introduced, as demonstrated by the experience of the Buenos Aires "Technology 2000 Centres" related by Susana Finquelievich. She argues that the program as implemented "does not permit user participation in the project, and does not facilitate interaction between the community and local

government" (Finquelievich, 2001). The need for user appropriation of the knowledge-building tools provided by ICT is also emphasized by *Cooperation South* authors from Latin America and the Caribbean and the Arab world (Gomez, 2001; Mowlana, 2001). In each scenario, the degree of official government enthusiasm for investment in connectivity, and for the advancement and prestige that presumably go hand in hand with ICT infrastructure, appears to be inversely related to the political will to enable appropriation and communal efforts among users.

An important analog here is with higher education policies in Southern regions that favor prestigious institutions — even when such institutions do not fulfill the mission of a leading university and are funded at the expense of more effective, but perhaps less prestigious, institutions devoted to technical or general education (see Castro, Claudio de Moura and Daniel C. Levy, *Myth, Reality, and Reform: Higher Education Policy in Latin America*, Washington, D.C.: Inter-American Development Bank, 2000). Investment in technology or education that is made in symbolic emulation of institutions of the developed world suppresses the potential for collaboration among users of that resource in the South, since such infrastructure investment does not in itself build the skills and understanding at all levels of society needed to put such tools to work.

In LASPAU* we address this problem by training both leaders and users of such resources. Our seminars in ICT and financial leadership bring together leaders from a wide range of institutions and countries in Latin America and the Caribbean. On a broader scale, our faculty development programs and workshops for NGO leaders have enabled thousands throughout the region to lift the knowledge and skill base of their communities. We run several programs that have developed cohorts of scholars and university and organization administrators with specific skill bases in such subjects as ecological management and ICT. In addition, LASPAU now acts as a consultant to governments in the region on issues of higher education reform and training. Through such efforts, we demonstrate our commitment to building South-South cooperation among all the parties to social change, of which ICT is one small part.

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* LASPAU: Academic and Professional Programs for the Americas has since 1964 helped over 16,000 people in Latin America and the Caribbean gain access to high quality education, primarily through its administration of the Fulbright Program. LASPAU is an independent affiliate of Harvard University.

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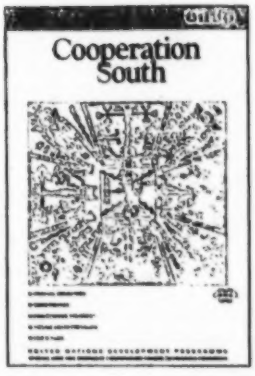
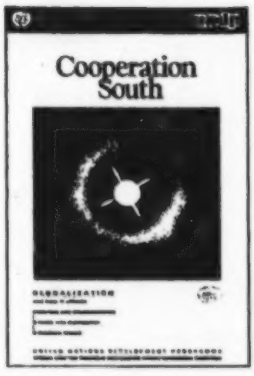
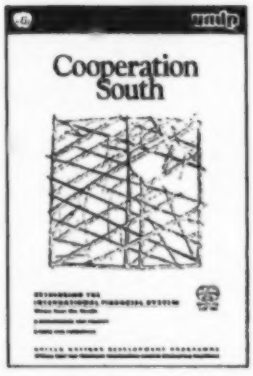
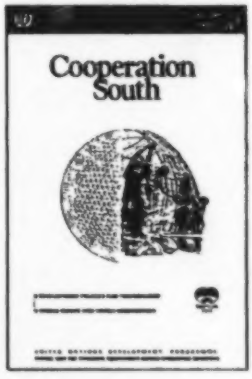
Recent Issues of Cooperation South









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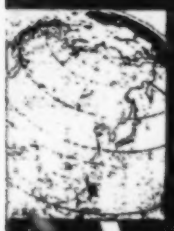

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SOCIAL POLICY:

Safety Net or Springboard?

SOCIAL PROTECTION POLICIES AND CHALLENGES IN...

- **...THE ARAB REGION** — where the 1990s saw unemployment rise, job creation falter, real wages deteriorate, and government social spending go down, according to Salim Nasr.
- **...LATIN AMERICA AND THE CARIBBEAN** — where major 1990s economic reforms added to the ranks of people without social insurance, report Enrique Vásquez and Enrique Mendizabal.
- **...SOUTHERN AFRICA** — where the classic social safety net is irrelevant for such major structural problems as income poverty, capability poverty and food insecurity, says Viviene Taylor.

- **NORTHERN INPUT FOR SOUTH-SOUTH DIALOGUE ON SOCIAL POLICY?** Experience and evidence from the North about universal social coverage, safety nets and privatization can be shared, as a result of studies directed by Bob Deacon.
- **ERADICATING POVERTY BY BUILDING WELFARE SOCIETY: FINLAND AS A CASE STUDY.** Does a country first have to become rich before it can provide good social conditions for its people? Based on Finnish and Nordic experience, Hilka Pietilä says no.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

- **ECOSYSTEMS OF THE HUMID TROPICS: SOUTH-SOUTH COOPERATION ON AGENDA 21.** Network building, technology transfer and improved management know-how for biosphere reserves are special emphases in a program described by Miguel Clüsener-Godt and Ignacy Sachs.
- **RICE AND FOOD SECURITY IN WEST AFRICA.** Cross-bred, high-yield varieties are now being widely cultivated, and a strategy for rice-based food security in sub-Saharan Africa is emerging, according to Kanayo F. Nwanze, P. Justin Kouka and Monty P. Jones.
- **EARTH SUMMIT 2002: NEW "GLOBAL DEAL"?** Felix Dodds asks if the Summit could negotiate to open markets for developing countries while protecting the environment and labor, increasing aid for poverty reduction, and strengthening international cooperation on environmental issues.

PERSPECTIVE

- **GLOBAL INTELLECTUAL HEGEMONY AND THE INTERNATIONAL DEVELOPMENT AGENDA.** Globalization critiques and alternatives are being stifled, thinking and analysis homogenized, and the South's interests slighted in today's world arena, claims Branislav Gosovic.

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